Daily Report

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Inter-American

NOTIMEX reports the OAS Permanent Council "will evaluate on 15 July the ruling of the U.S. Supreme Court that authorizes the kidnapping abroad of fugitives from U.S. justice." Furthermore, "it is expected that a resolution will be approved requesting that the Inter-American Juridical Committee 'issue a statement on the international legality' of the ruling."

Mexico

On 13 July PRI candidate Jesus Macias Delgado "conceded" his "possible defeat by his conservative opponent to the governorship" of Chihuahua, NOTIMEX reports. With 60 percent of the votes counted, the trend is "going against him and favors his opponent, Francisco Barrio Terrazas of PAN." "Without openly admitting his defeat" Macias said "that when a trend takes a certain course, it is very difficult to overcome it." The report adds that in Michoacan, the "figures favor Eduardo Villasenor, PRI candidate for governor." Supporters of Cristobal Arias of the center-leftist PRD, the closest opponent, "charged there had been voter fraud."

Brazil

Repeating that he will "by no means" resign, President Collor has begun to receive support from several fronts. Although he has not been able to obtain any gesture of unconditional support from political parties, governors, or businessmen, Collor has put a brake on "the threat of losing his mandate and has lifted the pressure for a negotiated resignation," reports O ESTADO DE SAO PAULO. The report adds that Collor "will have the support of the Armed Forces; of the Liberal Front Party; and of Rio de Janeiro Governor Leonel Brizola of the Democratic Workers Party, in addition to the backing of Minister Marcilio Marques Moreira's economic policy."

Peru

Lima TV reports President Fujimori has "rejected the conditions that some political groups mean to impose on the national dialogue." He stated, "I want to listen to the opinions of all of the political parties and, particularly, of the citizens. Then we may reach some conclusions." Regarding the proposed meeting between the government and political parties, Fujimori said he thought it would be "fruitful," but it "must be open, honest, and direct."

Ecuador

Quito radio reports that President Borja has returned from Texas after receiving treatment for auricular fibrillation. Borja stated his "health problem poses no immediate threat because the condition was not caused by organic heart damage but by excess work and stress."

OAS To Evaluate U.S. Supreme Court Ruling

PA1407035092 Mexico City NOTIMEX in Spanish 2211 GMT 13 Jul 92

[Excerpts] Washington, 13 Jul (NOTIMEX)— The OAS Permanent Council will evaluate on 15 July the ruling of the U.S. Supreme Court that authorizes the kidnapping abroad of fugitives from U.S. justice, OAS sources said on 13 July.

The sources added that it is expected that a resolution will be approved requesting that the Inter-American Juridical Committee [Comite Juridico Interamericano, CJI] "issue a statement on the international legality" of the ruling on the kidnapping of Mexican Dr. Humberto Alvarez Machain. [passage omitted]

"The OAS Permanent Council has included in the agenda of its 15 July meeting a request to this effect made by Argentina, Bolivia, Brazil, Chile, Paraguay, and Uruguay," the OAS sources said.

The request is signed by Alberto Prosperi, Argentine alternate representative, and his Paraguayan colleague Marcial Bobadilla, as well as Ambassadors Mario Rolon (Bolivia), Bernardo Pericas Neto (Brasil), Heraldo Munoz (Chile), and Didier Opertti (Uruguay).

The petition presented to Julio Londono Paredes, Colombian ambassador and president of the council, was motivated by the decision of the presidents of the six South American countries in their recent meeting at Las Lenas, Argentina, the diplomats said.

The draft resolution sponsored by the six nations pointed out that a study of the U.S. ruling is necessary in view of the "international repercussions....and particularly among the member states" of the OAS. The document points out that Article 104 of the OAS Charter empowers the CJI to "serve as a consultative body of the organization in juridical matters." [passage omitted]

Minister on Integration Meeting, Foreign Aid

PA1407044392 San Salvador Radio Cadena YSU in Spanish 1800 GMT 13 Jul 92

[Text] Foreign Minister Manuel Pacas Castro opened the first meeting of the Central American Integration System [SICA] Preparation Commission, agreed on at the last Central American summit meeting in Nicaragua. The foreign minister said this is a demonstration of El Salvador's determination to promote Central American integration. He added that it is a source of satisfaction that the seat of this organization, which is a symbol of the integration efforts, is located in El Salvador.

[Begin recording] [Pacas Castro] This is a very important event as it is an example and a clear demonstration of the Central American presidents' will to promote the integration process in the most vigorous and determined way. Various government agencies are carrying out integration efforts in the areas of health, education, and others. There has been, and why not say so, greater and more substantial progress in the economic field. The presidents feel we need to stimulate and support an entity such as ODECA [Organization of Central American States], and now the SICA, to coordinate all these efforts in favor of Central American integration in the best possible way.

It is very important for our country that this meeting take place here, and for El Salvador to continue to be the seat of the SICA, which we expect will become the main organization in the Central American integration process. It is also a source of real satisfaction, because this is a regional organization—perhaps the first and foremost—that has chosen to remain in El Salvador. During the upcoming meeting in Panama and with the protocol in place, it is possible that the presidents will appoint the first secretary general. This preparatory commission is geared toward providing the new secretary general with a structure ready to begin operating and to respond to the needs of the integration process.

[Unidentified reporter] Are there any priority issues the organization will address?

[Pacas Castro] Yes. Two of these priority issues are to examine the present situation of the ODECA, which has been dormant for over 10 years, and to study financial issues as the organization will need funding. We will have to begin working on a budget to present and determine the contribution each government must make. [end recording]

The Salvadoran Foreign Minister also expressed his satisfaction for the international community's response to El Salvador's financial requests. A Japanese delegation arrived on 12 July and a group of German officials arrived on 13 July to confirm their aid for the National Reconstruction Plan.

[Begin Pacas Castro recording] We are really satisfied with the international response to the National Reconstruction Plan. During the week of 6 July the EEC's decision to finance national reconstruction projects worth 50 million ECU's [European Currency Units], appeared in the papers. We think this was an important decision and a very prompt response from the EEC. It includes very important plans such as support for the Land Bank, credit for the purchase of land in the agricultural and livestock sectors, professional training plans, and several health programs. This is an immediate response and one that we are ready to confirm. We may be signing the agreements currently under study at the end of the month. The presence of the Japanese and German delegations is very encouraging to our country, because they are part of that process and clearly demonstrate the willingness of those countries to support the national reconstruction process. Once the technical matters have been discussed, then we can draft the agreements for approval by the donor countries. [end recording]

Manuel Pacas Castro also stated that economic aid is being discussed with the Government of Austria and pointed out the importance of the aid the United States is currently giving El Salvador.

Cuba

Castro Speaks, Receives Award at Angolan Event

FL1307204592 Havana Cuba Vision Network in Spanish 0050 GMT 11 Jul 92

[Speech by President Fidel Castro at ceremony awarding him the Agostinho Neto Order of Angola at the Palace of the Revolution in Havana on 9 July—recorded]

[Text] Dear Comrade Paulo Jorge [Benguela provincial commissioner], comrades of the Angolan delegation, and Cuban comrades:

We are living in times of great efforts, great responsibilities, and great tensions. In the midst of them, we have stopped for a moment to meet with the Angolan delegation and receive this medal. As Paulo Jorge said very well, this medal is being given to the Cuban people through one person for their solidarity with the Angolan people. It is in that sense that I am receiving it, accompanied by a group of comrades who represent the hundreds of thousands of Cubans who spent time in Angola. This is a small group, but it symbolizes the effort of our work of solidarity with the fraternal people of Angola.

I really think that history will always have to remember these years, this era. History will have to remember the relations between Angola and Cuba as a true example, not only in the period of struggle after [Angolan] independence but also in the period before independence, since our solidarity with Angola has stretched over many years. I think it was about 15 years since the time when the fight for independence began, and then at a decisive time, it was prolonged for 15 more years. It could be said that the solidarity, friendship, and ties between Cuba and Angola have developed over the course of almost 30 years.

Well, I think we are experiencing a difficult time for the revolutionary and progressive movement in the world. I think we are living in an era of cowardice, opportunism, and appeasement. But it is a temporary phase in the life of mankind. I think all this shows even more the nature of our relations. We should never regret having written one of the most beautiful pages in the history of solidarity between peoples and solidarity between revolutionaries. Today the Angolan people, like the Cuban people, are undergoing a difficult phase, each of them with the special characteristics which correspond to each country. We are confronting (?imperialism) here at a time when it is exercising a unipolar hegemony, when it considers itself the master of the world, when the socialist bloc has disappeared, when the Soviet Union has disappeared. These are conditions under which it seemed very difficult to resist imperialism's attacks.

On Angola's part, it is also suffering from the same consequences of this unipolar world. Imperialism would like to sweep away the Angolan revolution, just as it would like to sweep away the Cuban revolution. Imperialism would like to erase the pages of internationalism we have written together. It will do everything possible, with the help of the international reactionary movement, to dislodge the MPLA [Popular Movement for the Liberation of Angola] from the leadership of Angola. It will do everything possible to subordinate Angola's wealth to its interests. It will do everything possible to promote a complete change in Angola's history and life towards an alliance, a subordination to imperialist policy.

This is why we view with great admiration the effort currently being undertaken by the Angolan Government, the MPLA, and the Angolan people. We could describe this (?phase as) the third struggle for independence. The first was the struggle against colonialism. The second was the struggle against racist and imperialist aggression. Now there is the struggle to preserve peace, preserve the independence of Angola, and preserve the ideas and principles and revolution in Angola, the ideas of social justice, the ideas—as Paulo Jorge said—of a government that represents the interests of the poorer sectors of the nation.

That is why we are following very closely and with great interest this struggle of yours. In a talk we had before this, I was asking them a lot about how everything was going, how things were developing, what things are like there. I was pleased to see the morale with which they talked, the spirit and enthusiasm with which they talked, the unity they maintain, their determination to struggle on new terrain, perhaps more difficult than military terrain, perhaps more difficult than the struggle against colonialism, perhaps more difficult than the struggle against foreign intervention, because it is a struggle under very adverse conditions, a struggle against the imperialist plans to dislodge the MPLA from the leadership of the government. It is a struggle against the sophisticated techniques of imperialist propaganda, a struggle against the economic resources of imperialism, a struggle against lies, a struggle against demagogy. It is a truly difficult struggle.

It is a struggle in which the country finds itself divided into numerous parties, in which forces are fragmented, in which even if they triumph—as surely they will—they will have to undertake the reconstruction of the country under conditions of division and strong opposition. So this course that life, history, and current circumstances have forced the MPLA to take is in my opinion the most difficult course. However, we have the assurance that they will move forward, because they represent the best of the country's history, the best of the country's traditions, the country's heroism, its fight for freedom, its fight for independence, its fight for apartheid...[corrects himself] I mean against apartheid, against racism.

Although there may be people who are confused—and surely there are many people who are confused—and although as Paulo Jorge explained to me there is demagogy and promises to solve problems that cannot be solved, which confuses people...[rephrases] They attribute the current difficulties to the party in power. They do not attribute them to the war and imperialist

aggression, racist aggression, the destruction caused by all those actions, and some people are confused, in a country where many still do not know how to read or write. These kinds of circumstances can be adverse and unfavorable for an electoral battle.

But we must also keep in mind the millions of Angolans who have fought, the millions of Angolans who have sacrificed themselves, the hundreds of thousands of families who have seen their children's blood spilled, who have witnessed the crimes that were committed there, the tens and tens of thousands, perhaps hundreds of thousands, of people who were murdered. They do not forget everything that happened there. Millions of Angolans do not forget what the invasions by South Africa, and the crimes of the racist South Africans, meant. These people are united around the Angolan Government and the MPLA. This is what the hope, conviction, and confidence in success the MPLA and its leaders have today is based on.

But I would go further. I would say that even these elections are a passing thing. If the reaction, confusion, demagogy, deceit, and ignorance win out over all these extraordinary values the MPLA represents, and if some kind of setback occurs—which I hope will not occur—it would in any case be a temporary setback. It would be a reversible setback, because the values, traditions, and strength the MPLA represents cannot be destroyed, and any success against these values would be a temporary success. The Angolan revolution has experienced much more difficult moments when they were a handful of men organizing in the forests and the fields. The Angolan revolution has experienced very difficult moments, such as the days when the troops advancing in the north almost reached the capital, and the troops advancing in the south were on the banks of the (Kebe) River, and even north of the (Kebe). Nevertheless, those very difficult moments were overcome. The revolution experienced times as difficult as the days of the battle of Cuito Cuanavale, when no one knew how that would end, whether it would end in the conquest of Angola and the destruction and disintegration of Angola. Those times were overcome.

That is why I think that in this third struggle for independence there may be victories, and there may be setbacks, but I am sure that the setbacks would be temporary and the victory would be definitive. I base this on the conviction that this great historic heritage cannot be destroyed. I base this on the conviction that the values sown in the Angolan people by Agostinho Neto, the MPLA, Jose Eduardo dos Santos, and so many Angolan leaders cannot be destroyed. Those values will prevail, as our friendship will prevail under any circumstances, as the example of what we did together will prevail. Because together, I repeat, we wrote one of the most beautiful pages of internationalism.

I try to remember whether in the history of humanity there has been any other similar page, and I cannot find one. Who knows how much time will pass before two other nations can write the pages we wrote together? We feel truly proud of what we did. I think that at this time the example that was set stands out more than ever. I am pleased to see how these ideas have kept their validity, and that the spirit of anti-imperialist struggle and the spirit of struggle for national independence have remained in the thinking and hearts of the MPLA and the Angolan people, just as they have remained in the thinking and hearts of our people, however difficult the circumstances we face may be. Because we also know that now we are writing a great page of internationalism, resisting here so close to the empire, when our allies have disappeared, when others have surrendered, capitulated, and taken down their flags. I am aware that the Cuban people are writing an extraordinary page of heroism and internationalism.

Many harbor the most profound hopes that Cuba will resist. That is the message we receive from all over, that is the encouragement we receive from all points of the compass on the earth: the hope that we will be capable of resisting until this dark eclipse, which has now enveloped human history, passes. It is pleasant to remember those days when the revolutionary movement was strong in the world, when the correlation of forces was moving in favor of revolution and socialism. It is sad to compare that with this time when the correlation of forces is the opposite and has leaned in favor of imperialism and reaction.

But it is nice to know that there are peoples with the courage of the Angolan people [words indistinct] with the dignity of the Angolan people and the Cuban people, with the heroism of the Angolan people and the Cuban people. It is through these feelings and ideas that I view and reflect on this ceremony, the awarding of this medal, which bears the glorious name of Agostinho Neto, with whom we developed such close relations, whom we knew so well, whom we admired so much, and whom we remember so well. One of Agostinho Neto's virtues or exceptional qualities was his revolutionary firmness, his intransigent defense of principles, his tenacity in the struggle, which led him to victory. These values—loyalty to principles, revolutionary intransigence, and tenacity—will lead us also to victory. Thank you. Fatherland or death, we will win! [applause]

Castro Addresses National Assembly on Reforms

FL1307160592 Havana Radio Rebelde Network in Spanish 0900 GMT 13 Jul 92

[Text] Next, we give you Commander in Chief Fidel Castro's speech at the closing ceremony of the 11th session of the National Assembly of the People's Government [ANPP], a session during which the draft bill regarding the Constitution was analyzed and discussed.

[Begin Castro recording, in progress]...within, I believe that we will see one another again in a few weeks...[corrects himself] months, but it will not be long, to discuss the electoral law. That is the next step. We will have to work very hard now, continue collecting opinions. We

have some ideas about all that, (?especially) as regards preserving the purity of our electoral system. So, a great effort awaits us in the near future, and I believe that a long discussion, too, on the electoral law that is being worked on. That is a decisive step, after the modifications we have made, so as to be able to make a reality of all of this—especially while maintaining the objectives, the spirit. It really seems to me that these past 16 years have shown that our political system works.

I ratify what Juanito [Escalona] said, as regards your ideas and the conviction that you all hold that our system is the most democratic in the world. And we now are going to put it to the test anew. And I believe—well, I am sure—that we are going to be able to keep this up, and that we are going to show how a revolution indeed can be effected employing democratic principles. We are going to show how democracy can be practiced even though there is a single political party. And furthermore, we are going to do it, as Juanito was saying, under the most difficult of conditions. (?But) I believe that we can feel proud of what we have done, of the firmness in ideas that we have maintained, of not having made the slightest concession at the most difficult of moments and at a time when we have been left practically alone in the world, of defending socialism. [applause] [end recording]

We have offered you the speech by Commander in Chief Fidel Castro at the closing ceremony of the 11th session of the ANPP, where the draft bill regarding the Constitution was analyzed and discussed.

Reform Bill Approved 'Unanimously'

FL1307142692 Havana Radio Rebelde Network in Spanish 0900 GMT 13 Jul 92

[Text] In his speech at the end of the 11th ordinary session of the ANPP, ANPP President Juan Escalona Reguera highlighted the work done over two years to work out the modifications to our fundamental law.

[Begin Escalona recording] I believe that few laws in this country have been subjected to such intense effort for such a long time, in an attempt to make sure that their content is adequate for the current circumstances in the world, and in Cuba as part of that world. I say to the deputies that it is not an easy task—and that it truly requires great political will, great determination, and great revolutionary valor—for us to undergo these changes. Without being the least bit chauvinistic about it, I do believe that in the world today the Cuban Revolution alone is capable of imposing on itself, of tackling and successfully accomplishing, such a task. [end recording]

Escalona stated that we are living at a time of great difficulties of all kinds, subjected to a rough embargo by imperialism and suffering the consequences of the collapse of the socialist camp and the Soviet Union.

[Begin Escalona recording] It is now up to us to continue the march toward the objectives proposed. With the modifications we have made to its text, the Constitution points the way for us: a secret and direct vote to elect deputies and representatives to the provincial assemblies, modifications in the structure of our organs of government in the territories, important pronouncements regarding the religious aspects of our society.

In this connection, we have taken up what has been an old approach of Comrade Fidel Castro's. Many years ago, he called on the Christians and believers of this continent to form a strategic alliance—because, in the last analysis, it is our continent that has the highest percentage of believers in the world; furthermore, believers capable of militating in the theology of liberation, churches ready to confront at the side of their respective populations the struggle for the economic demands of those populations. Thus, there is nothing to prevent us Cuban revolutionaries from embracing such believers, in this struggle, and from our marching together to save our revolution. [end recording]

After three days of intense work at the Convention Center, the constitutional reform draft bill was approved unanimously.

Reform Law Took 'Arduous Work'

FL1307193992 Havana Radio Rebelde Network in Spanish 1700 GMT 13 Jul 92

[Text] The approval of the constitutional reform law after intense days of discussion in the Cuban legislature continues to capture the attention of the public. During the three days of work of the 11th ANPP session, 296 people contributed to the discussion before the law was approved. ANPP President Dr. Juan Escalona said, in his closing words, that this was the conclusion of a lengthy process that had required more than two years of arduous work.

During the morning session of the last day of the event, Article 111 was examined extensively. This article has to do with the lengths of the terms of the representatives to the municipal and provincial assemblies. The lengths of the terms were maintained as they originally appeared in the draft bill for modifying the Constitution: 2.5 years for district delegates and 5 years for representatives to the provincial assemblies.

Transport Shortage Causes Oil Production Deficit

FL1307163192 Havana Radio Progreso Network in Spanish 1155 GMT 13 Jul 92

[Text] The workers of the Oil Drilling and Extraction Enterprise of the Central Region [Empresa de Perforacion y Extraccion del Centro] have been able to extract more than 300,000 tons of petroleum during the first six months of the year. This figure represents a deficit of over 20,000 tons, due, fundamentally, to the lack of ships for transporting the crude oil. Specialists assure us that should the ship situation improve, recovery is still possible, and a production level possibly exceeding 600,000 tons could be reached.

This enterprise contributes 75 percent of the national production of crude oil, and has the Varadero oilfield, the biggest oilfield in the country.

Visiting Catalan Delegation Returns Home

FL1307183292 Havana Radio Reloj Network in Spanish 1402 GMT 13 Jul 92

[Excerpt] Thirty-three businessmen, mayors, members of parliament, and town councillors from Catalonia returned to their country today after spending six days in Cuba, where they examined the possibilities for exchanges in several different sectors and strengthened the friendly relations that exist between the two countries. The Catalans arrived on 7 July and immediately embarked upon a broad work program that included official talks with Chamber of Commerce officials, meetings with government and People's Government leaders, and visits to places of historical and cultural interest.

During the talks, the Catalans and the Cubans analyzed the prospects for trade in the spheres of chemistry, pharmacy, textiles, and manufacturing [confecciones]. [passage omitted]

PRI Admits Chihuahua Election Results Negative

PA1307152892 Mexico City Canal 13 Television Network in Spanish 1300 GMT 13 Jul 92

[Special report by Juan Manuel Pereira from Chihuahua]

[Text] On the morning of 13 July, Mr. Mario Tarango, the Chihuahua State PRI [Institutional Revolutionary Party] president, called a news conference to make an important announcement. He pointed out even though voting results are still in its preliminary phase, the PRI must acknowledge the election trend has not favored his party in its bid to win the governorship.

[Begin Tarango recording] According to the results from approximately 50 percent of the voting boxes, I must say that the election trend has not favored the PRI. We will continue to announce more results as soon as we receive the information. According to some of the information we have received, the PRI has not received the majority of the votes.

[Unidentified reporter] Is the PRI going to respect the loss of the governorship, or the election loss?

[Tarago] If the current trend continues, we will be the first to acknowledge the winner. It would not be dignified if we continued to hold on to something we did not obtain by means of the people's votes. [end recording]

'Possible Defeat' Conceded

PA1407003992 Mexico City NOTIMEX in Spanish 2150 GMT 13 Jul 92

[Text] Chihuahua, Mexico, 13 Jul (NOTIMEX)—PRI candidate Jesus Macias Delgado conceded on 13 July his possible defeat by his conservative opponent for the governorship of the northern state of Chihuahua, Mexico.

Macias took part in the elections for governor on 12 July. According to statements made during a news conference on the afternoon of 13 July, the trend in the vote count is going against him and favors his opponent, Francisco Barrio Terrazas of the National Action Party (PAN).

"We believe that when a trend takes a certain course, it is very difficult to overcome it," Macias said, without openly admitting his defeat after 60 percent of the votes, which were cast on an election day that transpired without serious incident, had been counted.

The 20 percent favoring the opposition candidate was confirmed in a separate statement by Chihuahua Governor Fernando Baeza Melendes, who defeated Barrio Terrazas in the 1986 elections, the results of which were challenged by PAN.

On 12 July Chihuahua voters and those of the western state of Michoacan, on the Pacific Coast, went to the polls in elections that authorities and political leaders described as "exemplary" and which registered a large voter turnout.

Baeza said that preliminary figures from the State Electoral Commission (CEE) and from the PRI favor Barrio Terrazas. He called on political organizations to respect the decision of the people who "expressed" themselves clearly at the polls.

According to Alberto Mesta and Arturo Chavez, PAN representatives in the CEE, after counting 1,238 polling places—40 percent of the total number—PAN garnered 240,000 votes, compared to 186,000 for the PRI.

A total of 67 mayors and 18 deputies of the local congress were also elected. Preliminary figures show several PAN candidates are ahead.

In Michoacan, the figures favor Eduardo Villasenor, PRI candidate for governor. Supporters, however, of his closest opponent, Cristobal Arias of the center leftist Party of Democratic Revolution (PRD), charged there had been voter fraud.

President Congratulates Candidates

PA1407034292 Mexico City NOTIMEX in Spanish 2334 GMT 13 Jul 92

[Text] Mexico City, 13 Jul (NOTIMEX)—President Carlos Salinas de Gortari congratulated Francisco Barrio Terrazas, the conservative PAN candidate, as preliminary reports indicate he is winning the gubernatorial election in northern Chihuahua State. A Presidency news bulletin reported that the president had called Barrio on the telephone to congratulate him.

Barrio, a businessman who was defeated in his attempt to become Chihuahua's governor six years ago, confronted Jesus Macias, the governing PRI candidate in the 12 July election.

On the afternoon of 13 July, Macias admitted that, after 60 percent of the votes had been counted, the election returns did not favor him.

During his talk with Barrio, Salinas de Gortari told the opposition candidate that as soon as his victory is official he can "count on the federation's absolute respect and total support" for Chihuahua's development.

Of Mexico's 31 states, Chihuahua is the largest state and shares a lengthy border with the United States.

Salinas de Gortari also called Eduardo Villasenor, the PRI candidate in the gubernatorial election in western Michoacan State, to congratulate him for winning the 12 July elections.

Elections for governors, mayors, and local officials were held in Chihuahua and Michoacan.

According to preliminary counts, the PRI candidate defeated his closest contender, Cristobal Arias, the candidate of the center-leftist Democratic Revolutionary Party.

In 1989 a PAN candidate won the governor's post in the State of Baja California, located in the extreme northeastern part of the country that borders with the United States, and became the first state governor from the opposition since the PRI was founded in 1929.

The PRI emerged after the victory of the people's revolution. It gave the country its current Constitution, has governed Mexico without interruption since it was founded, and has maintained its influence in all states since then.

Nicaragua

Lacayo on Corruption, Ibarra Investigations

PA1407041592 Managua Radio Nicaragua Network in Spanish 1645 GMT 13 Jul 92

[News conference by Presidency Minister Antonio Lacayo with unidentified local reporters at the Comptroller General's Office in Managua—live]

[Text] [Lacayo] I am here in response to an invitation we received from the Comptroller General's Office to cooperate with the investigation being conducted in the case of [former Deputy Presidency Minister Antonio] Ibarra. I met for one hour and 15 minutes with three high officials of the Comptroller General's Office, and I answered all their questions. I have come to show that the government of Violeta Chamorro is deeply interested in the correct functioning of government institutions like the Comptroller General's Office and in investigating possible cases of corruption. President Chamorro has clearly expressed her desire that her six-year administration be marked by honesty and, of course, she does not want dishonest or corrupt government officials in her administration. In that sense, I have replied to all the questions, and I hope that very soon the Comptroller General will be able to clarify this case. President Chamorro has said she hopes the results of the investigation will be reported by 15 July. I must stress once again that the government is deeply interested in the final outcome of this case, and if the investigation confirms that Dr. Ibarra is guilty of embezzlement of state funds, which belong to the people, the Chamorro government will immediately request his extradition so that he can be tried here on those charges.

[Reporter] Is that extradition possible, based on existing agreements between the United States and Nicaragua?

[Lacayo] I do not have the details but, given the excellent relations between Nicaragua and the United States, I believe it is possible, and I foresee no obstacles. This, as I said, is in the event the Comptroller General's report confirms the embezzlement charges against him.

[Reporter] What kind of questions were you asked?

[Lacayo] The questions were related to the case being investigated by the Comptroller General's Office, such as when did I learn about the corruption charges, what actions were taken at the time, what did I do as Presidency Minister with regard to a case involving the deputy minister. I clearly told the officials of the Comptroller General's Office that the charges against Ibarra were related to the handling of the Social Care Fund for the Downtrodden, FASO, and that those funds were not under my jurisdiction. I recalled that, based on a decision made by the president of the Republic, the president of the FASO Administrative Council is the deputy minister in charge of social affairs, and we therefore regard FASO as any other government agency.

We were also asked about an ethical commission the government decided to create in October 1991 at a time when there were mutual accusations between Ibarra and Noel Vidaurre, deputy minister for economy and development. I was also asked about a document on some invoices that a secretary presented for analysis. There were approximately 10 questions related to the case under investigation.

[Reporter] Are you being investigated?

[Lacayo] Who?

[Reporter] You.

[Lacayo] I do not feel I am under investigation. I came here to cooperate with the investigation being conducted with regard to presumed embezzlement charges against Ibarra.

[Reporter] [Words indistinct]

[Lacayo] I was invited by the Comptroller General's Office, just as several dozens of persons have been invited to testify. I understand that there is only one more person who will testify, after which the case will be closed. I did not come here as a person accused, but to cooperate with an investigation. The government, particularly President Chamorro and I, as Presidency minister, are deeply interested in the outcome of the investigation.

[Reporter] Some politicians linked to [Legislative Assembly President Alfredo] Cesar have said it is possible that you are involved in the alleged embezzlement committed by Ibarra. What do you have to say?

[Lacayo] I will not pay any attention to comments made outside the Comptroller General's Office. According to the Constitution, the government institution that must investigate alleged charges against government officials is the Comptroller General's Office. Therefore, we are only interested in the Comptroller General's Office report, and not in political interpretations by others.

[Reporter] Does the Comptroller General's Office have evidence of bribery or other crimes committed by Ibarra?

[Lacayo] You should ask the Comptroller General's Office, which is conducting the investigation.

[Reporter] Two members of the U.S. Senate Foreign Relations Committee arrived on 12 July. Will you meet with them? They already met with Cardinal Obando y Bravo at 1600 on 12 July.

[Lacayo] I heard that two members of the Foreign Relations Committee arrived on 12 July. They are officials, not senators. I understand they will be here for three or four days, during which they will meet with whomever they wish. If they want to talk to me, I will gladly meet with them.

[Reporter] What is the status of the aid for Nicaragua that part of the U.S. Congress is withholding? According to reports, the aid has been frozen until December.

[Lacayo] I would like to clarify once again that the aid is not being withheld by the U.S. Congress. I am surprised to see that at this stage journalists like you are still misinforming the public, because that is misinformation. The aid was withheld by Congressman Obey and his subcommittee. However, the obstacles were removed approximately two weeks ago, and this was published in the newspapers. There are currently no legal obstacles from the U.S. Congress for the disbursement of the aid. There are objections from some senators, including Senators Jesse Helms, Connie Mack, and nine others, who are not members of the committee in charge of those matters. We believe those are political, not legal obstacles. In reality the aid and the disbursement of that aid is totally in the hands of the administration, in other words of the U.S. President. As we have been saying for the past few weeks, we are optimistic that the U.S. Government will unfreeze the aid in July, because the Nicaraguan Government has taken specific actions to advance in areas considered of U.S. interest. The recent trip by Foreign Minister Leal and Government Minister Alfredo Mendieta to that country was very productive, as they provided truthful information regarding the real situation in our country.

[Reporter] [Words indistinct] suitability of the Comptroller General's Office and the Comptroller General?

[Lacayo] It is not up to me to judge the suitability of government officials appointed by the president of the Republic or the National Assembly. I cannot judge officials whom I did not appoint.

[Reporter] [Words indistinct] impartiality in this case?

[Lacayo] Definitely, this is the most important case the Comptroller General's Office has handled in two years, and therefore it must be handled with total veracity. We are anxiously waiting for the results of the investigation. I reiterate that if there is proof of the embezzlement charges against Ibarra, we will immediately request his extradition from the United States so he can answer for those charges here, in accordance with our laws.

Leal Returns From U.S., Remarks on Aid

PA1307162192 Managua Radio Sandino in Spanish 1300 GMT 12 Jul 92

[Excerpt] Foreign Minister Ernesto Leal has returned from Washington. We are glad they did not listen to him, that they did not even really welcome him because, as BARRICADA stated in an 11 July editorial, it is preferable that they not pay attention to us. We would then come out winners because they would no longer pressure us by saying they will not give us $100 million, but rather subsidize us juridically, because the International Court of Justice at The Hague, as we all know, said years ago that the United States owes Nicaragua $17 billion for the effects of the war it waged on us.

Ernesto Leal made interesting statements. He said ideological reasons are behind the freeze on U.S. aid to Nicaragua. He added that the United States and Mr. Helms, a decrepit old man who is hanging a sword of Damocles over our heads from a U.S. hospital bed, want a witch-hunt in Nicaragua.

Leal said no members of the police nor the Sandinist People's Army are being removed under pressure. He added that should they be reorganized, the process will be in keeping with the Nicaraguan Government's criteria. As the president stated, Leal said, I do not do as the United States says because I am a Nicaraguan; I do not carry a U.S. passport.

Meanwhile, a group of fatherland sellouts headed by Dr. Miriam Arguello and others plans to travel to the United States to determine whether it is true that the aid they are giving us is being quote, mishandled, unquote. [passage omitted]

* Cesar's Involvement in Aid Suspension Viewed

* Cesar's Removal Urged

92CA0178A Managua BARRICADA in Spanish 5 Jun 92 p 3

[Commentary by Nathan Sevilla]

[Text] Just as if Nicaragua still lived in the days of William Walker, Adolfo Diaz, Moncada, or Somoza, appeasement is once again having a profound impact on the interests of the nation. The darling of the ultraconservative wing of the United States Congress right now is Little Lord Alfredo Cesar.

He likes to be surrounded by a retinue that adulates and applauds him, and he never misses an opportunity to appear before the TV cameras and a battery of journalists to gain notoriety, even at the cost of respect for the Constitution and the laws of the nation.

The man who aspires to rule this country under American tutelage is incapable of assessing the consequences or stopping to consider the ethical and moral principles that govern and concern the citizens of an independent, sovereign country that loves peace, progress, and social justice.

The desire to impose tyranny against democracy, its institutions, and the men and women who lead the nation's difficult, complex, and in no way easy effort at reconciliation, would be harmless if it did not contain a criminal element that easily fits the description of treason, as defined in the Penal Code with the corresponding penalties.

He deserves, at the very least, to be ousted as president of the National Assembly and held to answer in a court of law.

The arguments criticizing the government for the handling of external financing are specious, especially considering that all of the representatives of the National Opposition Union [UNO] recently approved by acclamation the report of the minister of external cooperation.

Cesar's manipulations, in collaboration with Republican Senator Jesse Helms, are obviously a desperate attempt to revive the blockade and bring more misery, unemployment, and political unrest in order to promote interventionism. The revanchist deputies of UNO have never shown any interest in making a more democratic use of external financing; it is the parliamentary representation of the Sandinist National Liberation Front [FSLN] that has insisted on the need to democratize credit for the benefit of peasants and small and medium-sized producers.

It goes against the logic of UNO's government program to launch a persecution campaign against the allocation of bank credits to a Sandinist businessman, as if the economic policy of a country had to benefit only the members of a certain party. That would amount to promoting discrimination and sectarian violence, which would contribute nothing to economic, social, and political stability, a basic condition for a democratic regime.

The big fuss made by the enemies of Nicaragua is part of the sad history of betrayal and intervention that has forced the Nicaraguan people to rise up in arms to protect their national dignity.

Let us hope they do not achieve their ends and that the political and economic struggle is channeled into a peaceful transition to what the majority of the people desire.

* Cesar's Actions Backfire

92CA0178B Managua EL NUEVO DIARIO in Spanish 4 Jun 92 p 4

[Editorial: "Cesar Hoist on His Own Petard"]

[Text] The manipulations carried out by Alfredo Cesar in the National Assembly were not enough to prevent 50 deputies from signing a document in support of the president, requesting that U.S. aid to Nicaragua not be delayed.

Eleven deputies of the National Opposition Union [UNO] joined 39 Sandinists in backing the president's request—that is to say, backing the Nicaraguan people—because when viewed correctly, the desired American aid is not for such-and-such a person or such-and-such a party, it is for Nicaraguans in general.

Cesar's cunning assault comes at a critical time for the national economy, as we are entering the winter season when it is essential that peasants be equipped to begin planting.

The double edge of Cesar's dagger may prove fatal to him, as his unpatriotic action can only meet with resistance, even on the part of those who have helped him arouse the dormant national sentiment, which had been put to sleep by partisan virulence.

The signatures of the 11 UNO deputies on the document supporting the president prove what we are saying, and we are almost certain that other deputies will join in this patriotic demand.

The massive public condemnation of this dirty manipulation and the resulting support for the government's effort highlight the unprecedented political clumsiness of the president of the National Assembly, who, blinded by his ego and ambition, is hoist on his own petard.

We do not believe the backstabber will stop and think about the old saying that "a tree that sprouts crooked will never grow straight," but it is possible, we emphasize, that other trees, perhaps younger or less contaminated ones, will straighten the branches of their consciences and muster a modicum of patriotism, even if they have to dig down deep in their souls.

We do not agree with what one labor leader said, to the effect that he did not much care whether we got the aid because it never reaches the people anyway. There is some truth to that, but we must bear in mind that the less the rich man has, the more he exploits the poor.

Therefore, we agree with the idea that a great National Front should be formed to demand that the gringo aid not be frozen, and that, incidentally, the man, who without the slightest twinge of guilt is trying to spread famine among Nicaraguans, be put in his place.

Above all, this should be taken into account when it comes time to elect new leaders in the National Assembly.

* Entrepreneurs View Investment Opportunities

92CA0180A Mexico City PROCESO in Spanish No 813, 1 Jun 92 pp 30-31

[Report by Fernando Ortega Pizarro]

[Text] After buying up most parastate enterprises and banks, Mexican entrepreneurs are looking at another major opportunity: parastate enterprises in Nicaragua, which deal in areas and products such as oils, canned goods and vegetables, rice growing and processing, the breeding, raising, and slaughter of hogs and cattle, seafood, tobacco, textiles, paramedical equipment, footwear, cardboard, metal containers, aluminum derivatives, hotels, and...gold mines.

A delegation from the Nicaraguan Government was in the Federal District last week to show Mexican businessmen a preliminary list of 25 parastate enterprises, under the accords that Nicaragua reached with Mexico on rescheduling its $1.025 billion foreign debt.

Mexico got Nicaragua to agree to exchange assets in Nicaraguan companies for $535 million in public debt on the condition that Mexican businessmen would benefit. The remainder of Nicaragua's debt was rescheduled at very flexible rates and over long maturities. Through these two actions, Nicaragua, in practice, got 94 percent of its debt remitted.

There are Mexican entrepreneurs who are interested in purchasing Nicaraguan companies and doing business there, says Ivan Crippa, the assistant coordinator of the private sector's delegation to the negotiations of the Free Trade Agreement with Central America. He is a member of the Coordinating Board of Foreign Trade Business Organizations (COECE).

He mentions that a delegation of Mexican businessmen from Vitro, Celanese Mexicana, and Pepsico-Mexico, including representatives from Concamin [Confederation of Industrial Associations], which comprises 300,000 companies, and from the pharmaceutical industry, went to Nicaragua to look into investment possibilities and found to their surprise that they could indeed do business there.

"Nicaragua's businessmen need help from ours, even in teaching them how to manage and run a business. We saw a country very rich in land, in agriculture. Nicaraguan businessmen are aware of their situation. There is no money. They have already hit bottom and were 30 points below zero. The Sandinists did away with them. But the country wants to grow. It has an infrastructure in place, but everything has to be gotten up and running. Labor is inexpensive: 190,000 pesos a month."

Ivan Crippa, who produces Potosi Rum, among other things, says that the delegation of Mexican businessmen visited one of Nicaragua's finest supermarkets and saw that almost everything is imported, except meat, vegetables, and sugar. "There were no Nicaraguan manufactured goods, even though they have the infrastructure to make a good many of them."

The Nicaraguans are confident that a Free Trade Agreement with Mexico will help them get their economy moving again. However, Mexico will sign its first regional treaty with Costa Rica this coming 12 June during the visit there by President Carlos Salinas de Gortari.

Commerce Secretary Jaime Serra Puche will meet this Monday, 1 June, and Tuesday, 2 June, in Nicaragua with the region's commerce ministers to sign the economic-complementarity accord that will lead to the signing of a free trade agreement with each Central American country.

Crippa explains that the only thing holding up the agreement with Nicaragua is the lack of clear-cut ground rules for investment. "There is uncertainty. For example, there is a regulation that says that in order to invest we have to have a partner who resides in Nicaragua, to whom we must give extremely broad powers to control and administer. This means handing over the company to the representative. This is how the law is written, but the Economy Ministry gave it a different interpretation. It said that we could bring our representative to live in Nicaragua or enter into a partnership with a Nicaraguan.

"But those were just words. The government has to give us guarantees, regularize land tenure, and keep squatters off. The status of the parastate enterprises is still uncertain. I asked them whether they had expropriated them, given them back, or who they belonged to."

The first 25 Nicaraguan companies were offered to the Mexican businessmen on Thursday the 28th. Representing Nicaragua were Jorge Montealegre, an adviser to the deputy minister of economy and development; Ivan Saballos Patino, the director of privatization of Public Sector National Corporations of Nicaragua (CORNAP), and the ambassador to Mexico, Ernesto Fonseca Pasos. Representing Mexico were Ivan Crippa, Rodolfo Cruz Miramontes, the chairman of the foreign trade commission of Comcamin, and officials from the Banco de Comercio Exterior.

Jorge Montealegre reported:

"Nicaragua has a zero tariff in Europe for exports of seafood, and Mexico has a 25 percent tariff, so Mexican businessmen can take advantage of our zero tariff to do business from Nicaragua....Nicaragua's lands are fertile, and Mexican investors have a lot of investment opportunities....There are no restrictions on land ownership; you can buy however much suits your interests....The maquila industry is flexible; we have free trade zones for this purpose, with inexpensive labor. These are areas outside our territory; the only thing we ask is that you comply with our labor laws. Imports of machinery and inputs are exempt.... Tourism is undeveloped, and Nicaragua lies along the famous Mayan route that stretches to Ecuador; we could say that Mexico stretched that far.... Nicaragua has exports of $300 million, and its potential is $2.7 billion, which Mexicans could realize.... The door is wide open to foreign investment; there are no restrictions on shareholdings. If a Mexican wants to buy 100 percent of a company, he can do so.... One hundred percent of capital can be repatriated.... The Investment Law is neither compulsory nor obligatory, nor do you have to register with the Central Bank...."

In conclusion he said: "As Mexican entrepreneurs, you have the chance to be the first in the ball game. Remember that Nicaragua is like Baja California."

Ivan Saballos then read off the list of businesses for sale:

- Industria Frutera del Gran Lago (Infrugalasa), the largest processor and marketer of tomato derivatives in Nicaragua, such as catsup, paste, juice, and concentrate. It also processes tropical fruits for bottled soft drinks and pulp.
- Empresa Agroindustrial del Valle de Sebaco (EAVS), a producer of canned foods. It has 320 hectares of its

own land, plus 280 completely developed hectares belonging to cooperative members. It has 12 production lines, including tomato concentrate, banana puree, beans, and gherkins, among others.

- Empresa Agroindustrial "Pagronica," which grows rice and breeds, raises, and fattens steers. It also grows bananas, sesame, and sorghum.
- Corporacion Nicaraguense de Tabaco (Tabanic), which harvests and processes tobacco for cigars under the international brand name "Joya de Nicaragua."
- Empresa Nacional de Reforma Agraria (Enpra), a conglomerate of eight hog-raising companies. Vertically integrated, it is the largest company in the field.
- Combinado Pesquero Camino Ortega Saavedra (Copescosa) processes seafood for export and has its own fishing fleet.
- Complejo Textil Managua y Textilera de Nicaragua (Texnicasa) produces yarn and flat textiles such as blankets, diapers, and sheets, in addition to socks, jerseys, interlocks, and ribbed fabrics.

Other enterprises are: Cartonera Nicaraguense [cardboard], Empresa Nicaraguense de Sueros [serums], Industria de Cuero y Calzado [leather goods and footwear], Productos Sanitarios de Nicaragua [plumbing fixtures], Empresa Nicaraguense de Aluminio [aluminum], Envases Metalicos [metal containers] y Productos Sanitarios de Nicaragua, among others.

Ivan Saballos reported that four gold mines, the tourism sector (which includes the Intercontinental Hotel and the Montelimar tourist project), and two sugar mills would also be privatized.

As of Friday 29 May, the Mexican Government had sold off 206 parastate enterprises, for which Mexican entrepreneurs paid 59 trillion pesos, some $19 billion. This is more than Nicaragua's gross domestic product and total foreign debt combined.

Russia Seeks Debt Payment Role in Privatization

PA1207011992 Managua LA PRENSA in Spanish 9 Jul 92 pp 1, 16

[Article by Garcia Salinas]

[Excerpts] Russian Ambassador to Nicaragua Yevgeniy Astakhov on 8 July proposed the purchase of bonds in state-run companies to be privatized as partial payment on the debt contracted by the Sandinist regime with the former USSR, estimated at almost $3 billion.

Astakhov, faced with the Managua government's inability to pay the debt inherited from the past regime, anticipated that the former USSR could participate in the privatization process being fostered by President Chamorro.

Mexico is one other nation highly interested in purchasing shares in the almost 400 state-run companies that will be privatized as part of the government effort to spark the economy.

During a luncheon given in honor of Astakhov at the Casona by the American Chamber of Commerce, the Russian diplomat made this proposal to the businessmen when questioned on the amount Nicaragua owes the former USSR.

Astakhov told the businessmen "not to fear the distances" and invited them to trade with the CIS, noting that "it is time to get down to work and stop waiting around for better times." [passage omitted]

The diplomat explained that the almost $3 billion debt does not include war equipment supplied to Nicaragua by the former USSR. [passage omitted]

The chief of the Russian delegation in this country stressed that Russia cannot pardon Nicaragua's debt, as had been suggested by a high-ranking American Chamber of Commerce executive.

Panama

Arnulfists To Push 'Undesirables' Off Payroll

PA1307194292 Panama City EL PANAMA AMERICA in Spanish 13 Jul 92 p 1-A

[Report by Orlando Mendieta]

[Text] Arnulfista Party President Mireya Moscoso de Gruber, speaking at a meeting of the party's district board of directors on 12 July, said the party will examine the government payroll to remove all members of the Dignity Battalions, the Committee for the Defense of the Fatherland and Dignity [CODEPADI], the Revolutionary Democratic Party [PRD], and the Labor Party [PALA]. The meeting focused on the need to give more jobs to Arnulfista Party members.

Mrs. Gruber said she asked for a list of public employees in institutions headed by Arnulfista officials to match it with that of the Electoral Tribunal, name by name, to see which persons are the Dignity Battalions and CODEPADI members who are still working. She added that the list will be revised to remove the undesirables, not the honest people who have been working in the institutions for years.

In addition, Health Minister Guillermo Rolla has requested a list of Dignity Battalion and CODEPADI members still employed in the ministry so he can fire them at once.

The Arnulfista Party holds the Ministries of Health, Public Works, Education, and Government and Justice, as well as the national casinos, IRHE [Institute of Hydraulic Resources and Electrification], Bayano State Cement Enterprise, La Victoria Sugar Corporation, Civil Aeronautics Directorate, National Port Authority, DIMA [Metropolitan Sanitation Directorate], and others.

The district assembly criticized President Guillermo Endara for saying he was president of the Republic first, Arnulfista Party member second. Dr. Ulises Batista said if Endara had not been a party member, he would not have gained power.

The party members pointed out the need for the president and party ministers to lend greater support to the rank and file in every community in the District of Panama.

According to leader Conchita Afan of Betania, the Arnulfista Party does poorly in the government because those who represent it block the party members. The public works minister said the president is not to blame for the situation, it is the ministers who are not helping the Arnulfistas. "The Arnulfistas should pressure us instead," the official said. The health minister said the party must be reorganized to meet the community's needs. The district leaders criticized party legislators, who they said have also failed to meet effectively the needs of the Arnulfista rank and file.

In the past few days, several Arnulfistas voiced the need for President Endara to reshuffle his cabinet to give the party more political positions.

The assembly issued a resolution fully supporting Mrs. Gruber and strongly rejecting Endara's answer to the rank and file's needs; needs that Mrs. Gruber expressed as the sole party spokesperson.

Finally, the assembly demanded that Endara allow greater participation in the government for persons who have the training and capabilities the country requires.

Communique Orders Investigation of Shooting

PA1107042792 Panama City EL SIGLO in Spanish 10 Jul 92 p 16

[Communique issued by the National Police General Directorate; place and date not given]

[Text] Due to disturbances staged in Colon by the Movement of Colon Province Unemployed (MODESCO) in which Marchan Columba Jurado, 31, was shot to death, the National Police General Directorate has instructed the Office of Professional Responsibility to conduct a thorough investigation to establish the responsibility of the policemen who were involved in that incident. To this end the Office of Professional Responsibility has been transferred to Colon.

Investigations conducted thus far have not established exactly where on 10th and 11th Streets in downtown Colon the shot was fired that caused the woman's death.

Following completion of the prescribed investigations, the Attorney General's Office will clarify this regrettable case.

Investigations Into New Rebel Groups Reported

PA1207005192 Panama City EL PANAMA AMERICA in Spanish 9 Jul 92 p 1A

[Article by Juan Pritsiolas]

[Text] Panamanian authorities are investigating reports of alleged guerrilla groups that have been formed in the past few weeks. At the same time another group, the Organization for the Liberation of Panama [Organizacion para la Liberacion de Panama, OLP], on 8 July announced that it had appointed its general staff to carry out a "sustained and prolonged struggle" against the government. The OLP, as the Torrijist National Vindication Movement (MTRN) led by former Major Carlos Saldana had done, sent a photograph of its four commanders carrying Russian made AK-47 rifles. The photograph shows the commanders with their faces covered by ski masks and wearing black shirts. The background is a black cloth with white lettering spelling out the name of the organization and a drawing of an AK-47.

Investigators have determined that the group that rescued former Captain Evidelio Quiel on 30 April also wore ski masks. The Front for the Liberation of Panama (FLP) [Frente para la Liberacion de Panama], later admitted that its men had rescued former Capt. Quiel.

It was learned recently that another alleged guerrilla group has been formed, called the Sovereign Panama Patriotic Front [Frente Patriotico Panama Soberana], headed by a man who uses the same name General Esteban Huertas [Panama's first military hero, who commanded the small army formed when the country gained its independence in 1903]. According to investigations by the Judicial Technical Police, this group has jammed radio stations in Chiriqui Province and distributed some leaflets throughout the country's interior.

The authorities believe that these new groups are all part of a single movement that uses several names.

Colombian Soldiers Reportedly Enter Country

PA1107201292 Panama City LA PRENSA in Spanish 9 Jul 92 p 1

[Report by Nubia Aparicio S.]

[Text] Approximately 250 Revolutionary Armed Forces of Colombia guerrillas, followed by Colombian soldiers, entered Panama through the Darien border on 6 July.

An official source, who asked that his name not be revealed, reported this information to LA PRENSA. He added that the guerrillas remain in a place called Paya in Panama and have stolen people's food, including chickens, eggs, rice, and other items. The people have impassively seen them do this. The source said the Colombian guerrillas have German G-3 and M-16 rifles.

According to the source, Colombian soldiers, who were pursuing the guerrilla group, also entered Panama until

they reached a place called Payita, which is very close to Paya. The soldiers returned to their country as they could not locate the rebels and thought they had escaped.

He added that several Panama National Police majors and National Air Service (SAN) officials traveled to Darien on the same day the Colombian rebels and soldiers entered Panama. Their mission was to gather information from the residents who witnessed the events.

The source said SAN Major Santiago Fundora has a complete report on the events. He added that the SAN and police officials had decided to "turn back" and report to their superiors when they discovered the type and caliber of the weapons used by the guerrillas.

LA PRENSA has been unable to obtain a report on these events@from the National Police.

Civil Aviation Agreement Signed With Russia

PA1107184292 Panama City EL SIGLO in Spanish 10 Jul 92 p 14

[Text] The EL BOLETIN periodical, which specializes in merchant marine and national and international transportation topics, has reported the establishment of commercial air service between Panama and Russia, using the Moscow-Chile route.

Panama and the Russian Republic have signed a new civil aviation agreement that will strengthen commercial air service between the countries.

The agreement authorizes the former Soviet Aeroflot airline to operate a cargo, passenger, and mail transport service with three weekly flights to cover Russia, Luxembourg, Shannon (Ireland), Havana, Panama, and Santiago de Chile.

The agreement also authorizes an unspecified Panamanian airline to operate a two-way cargo, passenger, and cargo transport service between Panama, Miami, Amsterdam (or any point in Germany), and Moscow. [sentence as published]

According to the agreement, the firms appointed by each country can operate commercially in all the areas of the appointed routes. The agreement was signed by Zosimo Guardia Varela, Panamanian Civil Aeronautics director, and Matveyev Gennadiy, a Russian Civil Aeronautics official.

In addition to the mentioned officials, the meeting was attended by Fedorine Vasiliy, the deputy international commercial director of Aeroflot for America; Voutov Vladimir, the regional Aeroflot director for Mexico and Central America; Moises Veliz, the Panamanian Airline Company representative; and Octavio Arias, the Translatin Air representative.

The agreement also stipulates that the airlines can make a stopover at any intermediate point, but cannot promote business at the intermediate point. These intermediate points were not specified in the agreement.

In addition to regular service, the appointed airlines can charter flights and make unscheduled flights. The requesting company has to send a preliminary request to the civil aeronautics office of the other country 48 hours before departure.

Should differences between airline companies arise regarding the rates and the fares to be applied for each route, the civil aeronautics offices are to reach an agreement and determine the tariff to be used. If the disagreement continues, the principle that the country of origin will set the tariff will be implemented.

Argentina

Menem Warned on 'Militants' in Northern Area

PY1307211792 Buenos Aires BUENOS AIRES HERALD in English 13 Jul 92 p 7

[Text] While drug czar Alberto Lestelle insisted that intelligence services detected "attempts by terrorist groups" to enter Argentina, Justice Minister Leon Arslanian said he knew nothing about that possibility.

Arslanian told a metropolitan radio that he had no information on members of the Peruvian terrorist group Sendero Luminoso (Shining Path) trying to infiltrate protests by Argentine unions against government policies.

In turn, Lestelle disclosed that "the government has confidential information which warns us that there could be guerrilla attacks" in the country, and added that some "European and American subversive groups" were already trying to get into opposition organizations through alliances "between drug producers and distributors."

Lestelle supported the controversial statements issued on Thursday by President Carlos Menem in Tucuman warning teachers and parents to "take care of your children, don't leave them so often to participate in street demonstrations because they can fall in the hands of subversive elements."

However, the drug czar admitted that the presidential remarks that "there could be new contingents of parents claiming their children in Plaza de Mayo" were "perhaps not worded very carefully."

The Buenos Aires daily EL CRONISTA said in yesterday's edition that President Menem had been warned over "hideouts of militants and sypmpathizers of Sendero Luminoso in the northern provinces."

As in the daily reports, the secret documents show that "those groups are in contact with surviving elements of the defunct People's Revolutionary Army (ERP)," an active guerrilla organization in the early seventies "who got together again recently under the leadership of Enrique Gorriaran Merlo," the only surviving commander of ERP.

EL CRONISTA states that the intelligence reports advised the head of state not to visit Jujuy and Tucuman these days, warning of possible street incidents and even direct aggression against Menem. The President did not cancel his trip last week but had to face some minor protest demonstrations.

Media Secretary Raul Burzaco yesterday compared terrorism to cholera because "both are treacherous and can cause considerable damage." Burzaco stated that the government "is closing the doors of the country to terrorist activities."

The secratary underlined that "we must be ready and alert and the best we can do is to warn parents and teachers to avoid having schoolchildren manipulated and used in these kinds of demonstrations," referring to the recent massive marches in defence of public education for higher teachers' wages and against the government's education policy.

Finally, Burzaco denied that Menem "had the intention of frightening anybody or insulting the good parents, students and union leaders who are asking for higher wages."

Economy Minister Views Menem's Economic Policy

PY1407035492 Buenos Aires CLARIN in Spanish 12 Jul 92 pp 2-4

["Exclusive" interview with Economy Minister Domingo Cavallo by correspondents Hector Amadeo and Marcelo Bonelli at Cavallo's office in the Economy Ministry in Buenos Aires; date not given]

[Excerpts] [CLARIN] These have been three busy and difficult years for the economy. How would you define your economic policy in relation to the previous stages?

[Cavallo] There are no differences as far as policy goes in the different stages of Rapanelli, Erman Gonzalez, and Cavallo. We have begun to make the economy work with stability, deregulation, privatizations, and the market opening. In a few years we Argentines are going to live better.

[CLARIN] The impression among people is that the Menem economic model will leave the country a fractured society.

[Cavallo] That is absolutely false.

[CLARIN] Excuse me, but there seems to exist a line that divides society: those who are above the line will live relatively well, while those who are under the line will lead a poor life.

[Cavallo] It is absolutely false. It is precisely the Menem model that seeks to revalue productive work. It is the best model so that everyone might have access to a better life.

[CLARIN] It is said that the Menem project is better than that of Martinez de Hoz.

[Cavallo] It is just the opposite—only those who used to live by corruption will be separated from privileges, subsidies, and the financial speculation. The Menem policy is that of productive revolution and salary increase.

[CLARIN] Where are the salary increases?

[Cavallo] People are now earning much more than they were when we assumed office.

[CLARIN] The general feeling is different. There are many people for whom their salary's purchasing power is much less than it was a few years ago.

[Cavallo] One forgets the miseries and crises experienced in the past, and recalls only the best moments. I would like you to go back to June 1989. Some people think that the Radical Civic Union gave better treatment to retirees than we do. These are incredible tales. Others claim that social injustices have increased, that society is being broken, and that there are a few rich and a lot of poor. This is not true.

[CLARIN] You speak of the future. Do people perceive that you fail to mention the "present?"

[Cavallo] Shortages will always exist. One should take into account that we were in decline. We managed to stop this, and started to improve the standard of living of many people in Argentina—or at least we have prevented its deterioration.

[CLARIN] How many years are needed to see the results of the model imposed by Menem?

[Cavallo] I believe we will need at least 10 years to recover what we lost in six decades, because I think that Argentina began to collapse in 1930. [passage omitted]

[CLARIN] Will there be unrest over the political continuation of the model?

[Cavallo] I don't think that the continuation of the model will entail any risk, no matter who the next president will be. The achievements of the next three years will silence the demagogues of illusions.

[CLARIN] Which possibility would best guarantee the continuity of the model: Menem's reelection, or an alternative candidacy such as yours?

[Cavallo] I repeat: There is no risk to the continuation of model, no matter who is elected president. I think it would be better to inmediately determine that Menem is the only official party candidate for the 1995 elections. This would avoid the risk of internal disintegration among Justicialist Party hopefuls.

[CLARIN] Aren't you among those hopefuls?

[Cavallo] I have excluded myself from any candidacy. Had I been working for a candidacy, I would have not spoken in a harsh tone. [passage omitted]

[CLARIN] Teachers, retirees, and workers feel that the program has been set aside.

[Cavallo] Many people have said that "creating an unproductive public job is good social policy." No. This is a very bad social policy. How did it help the provinces? It led provincial youths to become government-paid loafers.

The strong shocks have contributed to creating a stable situation in the past few years, but the average economic salary stands at 500 pesos. I can assure you that it is not possible to live on 500 pesos.

[CLARIN] It depends on the person.

[Cavallo] The cost of basic staples is over double.

I tell you that Argentina has not yet become the country of wonders. It is true that people are still not earning an average salary level of $1000.

[CLARIN] Then perseverance is the only solution?

[Cavallo] No. We have to persist in order to genuinely improve the standard of living. We now have a sustainable standard of living. The previous standard of living was higher than the current one, but was built on an artificial base. This temporary standard of living caused hyperinflation.

[CLARIN] Does you mean the magic plan ended and the first social reactions began?

[Cavallo] No. I think people advocate the whole economic reform. This is reflected by the polls. Besides, when I walk on the streets most people express their solidarity. The mass media and the powers that be have consistently attacked the economic program.

[CLARIN] An electoral defeat in the federal capital reflects exactly the opposite.

[Cavallo] The federal capital is a place where a most serious disagreement emerges between speech which is socially acceptable and is heard in the elegant halls, and that which is real. The mass media has shocked the federal capital. Look at the programs that people from the interior like to watch, and you will see that they like, fortunately, to watch sports and entertaining programs.

[CLARIN] Everything points to the fact that you, like the government, seek to minimize the results of the elections in the federal capital.

[Cavallo] Excuse me, but one should not distort the results of the elections in the capital, because it does not imply that the economic plan was rejected. [passage omitted]

Bolivia

Labor Minister Dissatisfied With DEA 'Abuses'

PY1307175492 La Paz Radio Fides Network in Spanish 1100 GMT 13 Jul 92

[Text] Labor Minister Oscar Zamora Medinacelli said that he does not agree with the abuses committed by DEA agents in Bolivia. The labor minister, in addition to condemning the clown agents who humiliated reporters, expressed his condemnation and opposition to any violent and abusive actions they commit against Bolivians:

[Begin Zamora recording] [sentence indistinct] It makes no sense. And concerning the participation of foreign

agents in our country, well, I do not agree with it. I do not think the DEA should have direct participation in actions that exclusively concern Bolivians. [sentence indistinct] [end recording]

PRC Approves Financing of Two Oruro Projects

PY1307152692 La Paz Radio Fides Network in Spanish 1100 GMT 13 Jul 92

[Text] Two important projects have been approved for Oruro by the PRC. The technical PRC delegation that visited Oruro has taken a favorable report to the PRC Government on the feasibility of building a cultural house and the Todos Santos minihydroelectric dam. This is the information we have received from our ambassador to Beijing, Carlos Bohrt Irahola.

[Begin Bohrt recording] The technical delegation that visited Oruro has returned to Beijing. The report is favorable, from a technical point of view, for the construction of the minihydroelectric dam and the cultural house. These projects have been approved by the Chinese delegation.

Strangely enough, some difficulties have emerged at the Foreign Ministry because the PRC Government wants to increase the initial credit of $700,000 to $2 million for the construction of the minihydroelectric dam in Todos Santos, which will provide electricity to towns located on the Chilean border.

The initial project was approved in Bolivia for a total of $700,000, but the PRC delegation has proposed the possibility of building two hydroelectric dams, which would increase the budget to almost $2 million.

This has prompted some reluctance in the Bolivian Foreign Ministry, which is in a process of discussion and resolution. The remainder is a domestic problem. I do not think that such a stupid decision will be made so as to prevent the construction of this project that already has been accepted by the PRC delegation.

If this situation is not resolved, we will have to make a trip to Bolivia to hold direct talks and try to convince the Foreign Ministry officials. The important thing is that the PRC delegation already has approved the construction of the minihydroelectric dam in Todos Santos.

Our authorities sometimes assume inexplicable positions because they want to prevent the granting of a $2 million credit with conditions favorable for the construction of an important electrification project. The final word must be given by Foreign Ministry officials.

Government officials, however, can rest assured that if there is a need to defend such an important project, the people of Oruro will be mobilized until the Todos Santos Dam becomes a reality. [end recording]

Brazil

Collor Receives Support 'From Several Fronts'

PY1307212992 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Jul 92 p 4

[By correspondent Marta Salomon]

[Text] Brasilia—Repeating that he will "by no means" resign, President Fernando Collor has begun to receive support from several fronts in the last few days. Although he has not been able to obtain any gesture of unconditional support from political parties, governors, or businessmen, Collor has managed to recover his time and energy in face of the crisis, has put a brake on the threat of losing his mandate, and has lifted the pressure for a negotiated resignation. At least until the end of the investigation into the activities of businessman Paulo Cesar Farias, treasurer of the National Reconstruction Party [PRN] presidential campaign, Collor will have the support of the Armed Forces; of the Liberal Front Party [PFL]; and of Rio de Janeiro Governor Leonel Brizola of the Democratic Workers' Party, in addition to the backing of Minister Marcilio Marques Moreira's economic policy.

Pernambuco PFL Senator Marco Maciel, who is the government leader in the Senate and a member of the Planalto Palace political command, has explained: "There is no unconditional support in politics." Another important congressman, who has access to the presidential office, stated: "If the president's direct involvement with corruption as charged is proven tomorrow, the government will become unsustainable." According to an evaluation made during a meeting between the political party leaders and Government Secretary General Minister Jorge Bornhausen, during the week Collor managed to recover from the commotion caused by the testimony of his secretary's former driver, Eriberto Freire Franca, and recover control over the crisis which erupted with his brother Pedro Collor's charges. At the moment, the greatest concern of the government political leadership and the military ministers is over the possibility that the people might stage a campaign against the president.

Arch Enemies

The first result of the allies' action was to weaken the thesis of a negotiated resignation, which was being openly defended by the Brazilian Social Democracy Party and the Brazilian Democratic Movement Party [PMDB] leaderships and a group of businessmen. Arch enemies Bahia PFL Governor Antonio Carlos Magalhaes and Rio de Janeiro Governor Leonel Brizola vigorously opposed the proposal, and united against what they identify as the electoral interests of PMDB Chairman Orestes Quercia. Antonio Carlos Magalhaes' son Luis Eduardo Magalhaes—who leads the government-supporting bloc at the Chamber of Deputies—was consulted on the possibility of participating in a "national

unity" government supporting Vice President Itamar Franco, but he dismissed the possibility of doing so. He said: "We would rather become members of the opposition." Brizola, meanwhile, tried to classify the negotiated resignation proposal as a coup against Collor.

The government political command is fighting the possibility of impeachment through a mathematical operation. Considering that a request for impeachment can only become a reality if 335 of the 503 deputies support it, Bornhausen is again carefully studying certain project and appointment requests made by congressmen who are ready to support the government. According to an important government-supporting deputy, the operation is enough "to abort" requests that Collor be tried. The deputy added: "As there is no atmosphere for a coup, everything leads to settlements within the crisis."

Federal District PRN Deputy Paulo Octavio, who is one of the few congressmen to have access to Casa da Dinda [Collor's private residence], said: "Collor merely ignores any pressure for his resignation or for an impeachment. Octavio added: "He does not react as a normal person. The more pressure, the stronger he feels." The deputy, who unconditionally defends his friend the president, revealed that Collor only has one fixed idea: "He only thinks about working until the last day of his term in office."

PSDB Deputy Interviewed on Collor Crisis

PY1207220092 Sao Paulo VEJA in Portuguese 8 Jul 92 pp 7-9

[Interview with Sao Paulo Deputy Jose Serra, of the Brazilian Social Democracy Party, PSDB, by correspondent Paulo Moreira Leite, place not given, on 2 July]

[Text] [Moreira Leite] What is the solution to this situation?

[Serra] It would be better for the country if the president resigned. This means choosing agreement and not confrontation.

[Moreira Leite] Why is his resignation the solution?

[Serra] The county is in a state of moral pre-revolution. The people are indignant. They feel robbed of their money and their rights. There is no slander campaign against the government. The country wants to work and progress, but does not want to be humiliated. The national mobillization for public morality originated at the lowest strata of our society, and is not the result of any trick. Society believes in the essence of the charges involving Collor's administration. Society is convinced that there is huge corruption and influence peddling in this administration. This would be the best reason for Collor to resign.

[Moreira Leite] And what is the worst reason?

[Serra] In his answers, the president has been declaring his intentions more than presenting evidence. He presents public opinion poll results, but no convincing evidence to refute the charges. According to Ana Acioli, the president's expenses were financed with his own resources, which were administered by Claudio Vieira. Mr. Vieira said that, whenever necessary, he would present the required documents. Well, if he left his position several months ago, he should have the accounting updated by now. Wouldn't it be simple to present it swifly, to show Collor's mail and income tax declaration?

The ministers themselves are behaving as if they believed the charges are true. None of them has committed himself publicly in an effective defense of the president. No representative government leadership went to the Congress' rostrum to say that Collor is innocent or refute—point per point—all charges. The government is virtually paralyzed. It is on the defensive, as if it were a lawyer who only wishes that the client had a good alibi. President Collor has lost his authority very much. In accordance with the Constitution, he has 30 more months in office. How will the country stand this administration in office until 1995? The socioeconomic crisis is serious. To fight it, the government must have moral authority. I believe this administration has no conditions with which to stop superinflation, resume growth, and create more jobs. The president no longer has authority to dismiss a minister, to give orders, or to demand sacrifice from the various sectors of our society. I believe it is not fair to compromise our future so much. It would be like hoping that solutions appear somehow along the road.

[Moreira Leite] Is there concrete evidence of the president's direct involvement?

[Serra] The debate over the legal aspects is important, but it is not all there is. There is enough evidence that the administration has lost its moral authority. The president's main political job from now on will be to try to explain charges of irregularities. Legal discussions are essential but one cannot turn things around.

[Moreira Leite] What do you mean?

[Serra] The charges in which the president of the nation is involved have caused a political crisis, not just another investigation. One cannot pretend that Collor is just another citizen. Most chiefs of state are forced to resign from their positions should they lose their moral authority. Here in Brazil, even if the president's direct involvement in the charges has not been proven yet, his political responsibility has been demonstrated.

[Moreira Leite] To what extent is President Collor involved in the charges?

[Serra] First of all, we must realize that he is responsbile for the activities of PC [Paulo Cesar] Farias in the administration. Farias is not my friend, nor yours. He does not owe his prestige to congressional pressure, nor

have his qualifications been proven in open contest. He did what he did, and got as far as he did, only because of his links to the president. Ministers and members of Collor's inner circle are under suspicion for irregularities. It includes secretaries and his own wife.

[Moreira Lima] Is that enough to demand a resignation?

[Serra] In other civilized countries presidents do not resign only after it has been proven that they were directly guilty of the crimes themselves. Richard Nixon did not leave the administration because he was directly involved in the Watergate scandal, but because he had obstructed the course of justice by saying that he knew nothing about the activities of his advisers. In 1974 Prime Minister Willy Brandt resigned when it was found out that his private secretary was an East German spy. Nobody asked whether Brandt was a double agent. Nobody suspected him of being one. The problem was something else: A chief of state who did not know how to select members of his team could not keep his job. Thus, Willy Brandt, one of the greatest statesmen of the century, quit government. One other case was that of Israeli Prime Minister Yitzhak Rabin in 1977. It was reported that his wife had a $2,000 account in the United States. It was not a fortune, nor had it been obtained irregularly. The Israeli law, however, did not allow its citizens to have banking accounts abroad. In view of this, her husband resigned.

[Moreira Leite] The president has said that he will remain in his post until the end of his term. What about his resignation?

[Serra] An old Brazilian politician has stated that proposing a resignation means asking a person to give up his right. If former congressmen do not like to give up apartments to which they have no right whatsoever, you can imagine how difficult is to convince a person to resign a post he won during a presidential election. Look: I admit that resignation would be a painful solution, but it would be the least painful and unfavorable alternative for the country. It would be a gesture from a politician for which people could compensate. Americans had already condemned Nixon, who is now recalled as a president who made a great mistake, but was able to admit to it. Rabin has just resumed the government's leadership. Willy Brandt became a world leader. It is up to Collor to prevent major suffering and alleviate Brazilians' hardships.

[Moreira Leite] And after the resignation?

[Serra] With an agreement that should have the support of at least two thirds of Congress, the creation of a ministry with the direct or indirect participation of all outstanding political forces, the guarantee of a plebiscite on the government system slated for April 1993, and a minimum program to stabilize the economy.

[Moreira Leite] Should the Workers Party [PT] participate?

[Serra] Of course.

[Moreira Leite] What about the Liberal Front Party [PFL], which shows no willingness to give up its real duties in the government?

[Serra] There is a backstage struggle that does not involve any moral principles, simply maintaining positions. Many PFL politicians defend Collor because they are convinced that if Itamar assumes the presidency, their posts will be transferred to the PMDB [Brazilan Democratic Movement Party]. It is that simple. But not all PFL members think this way, and the past can prove this. Neither would Tancredo have succeeded at the electoral court, nor would Congress have approved major economic reforms, without PFL support. We obviously would not have reached the agreement I mentioned without PFL support. It is essential that PFL participate, and with very real posts, to use your expression, because it represents one of the most important supporters of the government.

[Moreira Leite] How do you view Minister Marcilio Marques Moreira's performance?

[Serra] Marques Moreira stabilized expectations. Given the conditions and possibilities, he has so far adopted an economic policy that is more appropriate than wrong. A debate on the matter should not be regarded as an obstacle to reaching a more ample pact. Marques Moreira is conducting the negotiations with creditors in a positive way. The reserves and the trade balance are at a good level.

[Moreira Leite] What about Itamar Franco? Isn't he a politician with ideas of the past?

[Serra] Any criticisms of the ideas of the current vice president conceal the fact that it is only his appointment that could legally resolve the country's main problem: to open the possibility of restoring the government's moral authority. I believe that the country's macroeconomic agenda changed during Collor's administration, and any power will be able to revive what was buried. Many have criticized the privatization program, but few disagree with the fact that it should continue. I believe that privatization should be accelerated in order to improve the income of cruzeiros in the public treasury. There will be always something to discuss, but in another atmosphere, in another situation, with what we urgently need now: government. Telecommunications are the cream of the privatization process. I fully support their privatization, and if done as well as in Mexico it will involve money. But I do not think Congress will approve a change in the Constitution so that Collor's administration can privatize them. If another government is installed, there is a major possibility that this can be approved.

[Moreira Leite] What would this government be called?

[Serra] The National Union Government, like those that led the reconstruction of European countries devastated by the war. It is very difficult to build such a government, but it is easier than saving the current government.

[Moreira Leite] Wouldn't it be very similar to the New Republic but with a couple of patches: PT and PDS?

[Serra] It is not so bad. We have to admit that the country has greatly changed from that time. In 1985 the Berlin Wall did exist, the PMDB was a moderate and conservative leftist front, and liberalism was a a big word. It was believed that the public treasury was inexhaustible, and that the economy was a sort of white of the egg: that to shake it up and down was enough for it to grow. The current situation is different. Both businessmen and labor unions are tired of inflation. Few people believe they can make permanent real profits under hyperinflation. Besides, with the same folkloric exceptions, economists from all parties have a similar viewpoint on what to do. There is an agreement on the need to observe severe fiscal austerity. No one objects to the importance of opening up to the foreign market in order to regulate the economy. Congress passed the bill on privatization, the changes on the Informatics Law, and a bill on public service, which essentially rules out participation by the state. We derailed the gravy train of the office of the national legal adviser. The Chamber of Deputies approved the ports modernization and a law on the agrarian reform, with support from the left and the majority of the UDR [Rural Democratic Union]. I believe that with a new administration a commitment may be obtained from Congress to halt proposals for any increase in public expenses through 1993. Brazil is currently more prepared and mature in organizing its economy, but it needs a government with moral authority.

[Moreira Leite] But the government insists that Congress opposes the reforms, such as the fiscal adjustment.

[Serra] The crisis is affecting the executive branch, not Congress, which approved almost all economic proposals made by the government, including the fantastic confiscation of 80 percent of the local family and business savings. The fiscal adjustment is necessary, but there is more fantasy than reality around it. The government did not submit a draft bill on its proposals up to last week. It launched long-term ideas in the past few months. Camdessus (Michel Camdessus, the IMF managing director) advocated the fiscal adjustment without being aware of a concrete and coherent proposal. The big amendment that was submitted to Congress last year will not reportedly cause adjustment, but a fiscal breakdown.

[Moreira Leite] Do you think that an agreement will be reached?

[Serra] It is a question of hope. Unlike what happened in the past, when at the very least a military coup could have been perpetrated, we now have institutions which work—but there is an element that causes confusion: the lack of a democratic channel for exercising power. This is why we need to agree to a day after [preceding two words in English] which will involve commitments for the creation of and program for the new government. I emphasize that these commitments will demand dramatic concessions from all of us.

[Moreira Leite] And if the resignation does not occur?

[Serra] The country will go through a very painful phase. How can a weak government, subject to constant suspicion, charges, and new investigations, promote a fiscal adjustment that mixes with so many interests? To give confidence to investors? To promote understandings on prices and salaries? For how long will Minister Marques Moreira, who acts as a sort of anchor of this government, be able to play this role?

[Moreira Leite] What about the inmediate establishment of a parliamentarian system?

[Serra] That would be like a coup d'etat; a plebiscite should be carried out first. But there would be one inconvenience.

[Moreira Leite] What is that?

[Serra] The president must represent the nation's moral reserve under the parliamentarian system.

[Moreira Leite] What about a purely formal parliamentarian system under which the president will retain most of his powers [parlimentarismo branco]?

[Serra] That is an unrealistic utopia. The president is the one who governs. Besides that, what would happen with the CPI [Congressional Investigating Committee]?

[Moreira Leite] And the impeachment [preceding word in English]?

[Serra] The impeachment process will be very painful for the country and the economy, and traumatic from the viewpoint of the institutions. It would be better to avoid it.

[Moreira Leite] Couldn't the economy improve, and the people forget the scandals, as happened in Argentina with Menem?

[Serra] I do not think so. The Menem administration faced various scandals, but they have been never investigated, as they have in the case of Collor. Argentina did not experience the political crisis that affected Brazil. The most serious crisis was the economic one, because Argentina faced two periods of hyperinflation. It was possible to recover economically before the president fell. The Brazilian Government runs the risk of being ousted first. If it does not change, the economy will continue to deteriorate. Contrary to what has been said at other times, it is currently impossible to separate public morale from the economy. The country should be restored morally in order to stabilize the economy and resume its growth. The most dangerous thing would be to do nothing.

Economy Minister Talks About Support For Policy

PY1307223092 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Jul 92 Economy and Business Section p 3

[Interview with Minister Marcilio Marques Moreira by O ESTADO DE SAO PAULO correspondents Beatriz Abreu, Suely Caldas, and Ribamar de Oliveira; place and date not given]

[Text] [O ESTADO] What is your interpretation of the support recently received from businessmen during a luncheon in Sao Paulo?

[Marques Moreira] They expressed their support mainly for the economic policy of renewal and modernization of Brazil, and emphasized that this process is irreversible. Incidentally, they also backed up the quest for stability and for the reinstatement of public lines of credit. The businessmen also gave their support to structural reforms, some of which are already under way, such as the information technology law, the bills on the liberalization of ports, on concessions of public services, on fiscal adjustments, and on protection of intellectual property rights, which are essential.

[O ESTADO] Several businessmen conveyed their support for the economic policy and for you, Mr. Minister, making it clear that at this point they want to keep the political crisis and the need to lend support to the economic policy as two separate issues.

[Marques Moreira] I have said time and again that the economy cannot depend on Sunday accusations, Monday anectodes, or the weekly rate of inflation, which is usually published on Wednesday and fuels Thursday rumors. Whatever charges are made should be fully investigated and recorded. Wednesday and Thursday rumors must be disregarded. Economic indexes should be analyzed and not cause one-day economic phenomena capable of distorting the economy of the country. Abroad, these things cause a lot less grief and concern. Germany, Argentina, and Mexico already have been through similar difficult times without stalling.

[O ESTADO] Do you believe it possible for the economy to function normally, even if the political crisis were to last six months or a year, as it now looks as if it will?

[Marques Moreira] An investigation of the facts is most essential for the country. It is equally essential for all this not to drag on too long, because it will benefit no one. Even though the economy may be an independent issue, the political crisis obviously does not help. In the past the state played a key role in the economy; it set the prices for bread, milk, cars. Just one year ago the newspapers used to carry headlines on the increase in prices for bread and milk. Nowadays we have total price freedom. The Cacex [Department of Foreign Trade] has been dismantled. In the past a license had to be obtained for every import transaction. If someone wanted to open a service station in their neighborhood, they needed a permit. The state's withdrawal from economic activity gave private enterpreneurs greater freedom. Thus we now have a market economy, not a controlled economy. In a state-controlled economy, politics play a decisive role.

[O ESTADO] Whenever the Federal Police call businessmen to testify, as in the case of Antonio Ermirio de Morais, who got upset, and the president of the nation is saying that the cement cartel, the car manufacturers, and the PT [Workers Party] are plotting against him—doesn't it jeopardize your talks with the businessmen?

[Marques Moreira] The president does not say this in public.

[O ESTADO] It is in the newspapers...

[Marques Moreira] Not everything that is in the newspapers is true. These are two different things. The businessmen who were called to testify have done so within the framework of an investigation that is being held to look into charges. The administration did not launch this investigation. People involved or mentioned are being called to testify. Involved is a heavy word. The companies just came up in the course of the investigation. This has nothing to do, however, with any kind of pressure.

[O ESTADO] Did the political crisis have any effect whatsoever on the foreign debt agreement? Didn't the bankers want to know things?

[Marques Moreira] Not at all. Some of the people who know a bit more about Brazil asked for more information in order to explain the situation to those who are not following developments so closely. At the beginning of the year I talked about a debt agreement by the end of the first half of the year. It came true: An agreement was reached just a few days into the second half of the year.

[O ESTADO] What is, in your opinion, the significance of this debt agreement?

[Marques Moreira] The agreement will mark the end of a stage. It will permit a whole cycle of favorable expectations that will also benefit the domestic economic area. Now that we have solved the debt problem, we will feel relaxed to work. The debt was a sword of Damocles on the country, on our heads. Now that the sword has been removed, we will feel relaxed enough to work without fear. You know that all hyperinflationary processes throughout the world have originated with exchange problems.

[O ESTADO] Have possibilities for a hyperinflationary process been totally eliminated?

[Marques Moreira] Totally. It is a result of the coordination of the monetary, exchange, and fiscal policies. We are controlling the three possible factors that can produce hyperinflation.

[O ESTADO] Have sorcery, heterodox shocks, and miraculous formulas been also discarded?

[Marques Moreira] Right.

[O ESTADO] Now that the foreign debt agreement has been signed, what will be the next step?

[Marques Moreira] The new steps are the projects for modernization of ports, concession of public services, intellectual property rights, and the fiscal reform, which is the essential step, because the Brazilian state was broke and could no longer fulfill its function. Thank God, the state withdrew from the economic area, and now it can promote a modest economic revitalization process. We are no longer concerned about the debt problem.

[O ESTADO] The fiscal adjustment has been resisted even by some government areas. The Social Security Ministry has raised objections to the proposals for its own area. The Labor Ministry has resisted the elimination of some funds, like the PIS-PASEP [Social Integration Program-Government Employees Welfare Fund], and the Worker Protection Fund. Was this actually a government proposal? Will it be modified?

[Marques Moreira] The first part of the proposal said that it was the work of the commission [not further specified]. We will complete the evaluation of the proposal next week, and we will then work on the legal aspects. We will improve the text. As soon as this is done, the proposal will become a government-sponsored project.

[O ESTADO] Will changes affect only the legal aspects?

[Marques Moreira] We are making an evaluation to know whether we will agree to a comprehensive, ambitious, and far-reaching proposal, or whether we will include modifications. We are engaged in sort of previous negotiations, and we will then negotiate with Congress.

[O ESTADO] We have seen indications that the government is planning to modify the social security proposal and the proposal for the income tax paid by individuals. Are you really working in that direction?

[Marques Moreira] No. The government does not have a concrete position. No specific position has been adopted on any modifications. All positions may be criticized. It is also possible to understand the logics underlying each position. Yet on the other hand, the proposal has certain unity. It is difficult to change something without changing the rest. It is like a mosaic.

[O ESTADO] You have advocated immediate fiscal adjustment. Yet we have seen that it has been very difficult for Congress to pass the government bill. It has been said that the changes affect an entire title of the Constitution. You need an adjustment for implementation next year, and this means that the bill must be approved before 31 December. How are you planning to overcome such difficulties in Congress?

[Marques Moreira] I will face them (laughs), just as we did for the bills on ports, public services, and minimum salaries. We are fully engaged in a fiscal reform process. This process has to be ambitious and meaningful. I do not mean to say that everything will have to be approved before 31 December. There is the fiscal adjustment, with which we intend to harmonize revenues and expenditures, reducing the pressure on revenues. There is also the tax issue. We can enforce a fiscal adjustment with a taxation system that overburdens the productive area and that is economically inefficient. The fiscal reform also seeks to improve the efficiency of the taxation system, so that it does not inhibit the creation of jobs, investment, or production, as is happening today. Our current system, with a long series of taxes, is economically inefficient. In the fiscal reform, it is important to eliminate the burden on the productive area, in order to promote healthy economic growth without inflation.

[O ESTADO] At the luncheon with the entrepreneurs, your key word was "fiscal adjustment now," and the entrepreneurs' key word was "modernization now." In your opinion, how will the economy fare as of today? How will you balance the economic factors in order to curb inflation?

[Marques Moreira] The studies that we have received already demonstrate that the economy is recovering itself. This is only natural. It represents a new cycle. A 4 percent growth rate was reported after conducting the initial studies on the industrial sector for the first quarter, as compared to last year's first quarter. The economy is expected to grow 2 or 3 percent altogether this year.

[O ESTADO] How will you combine this with declining inflation and interest rates?

[Marques Moreira] Contrary to what may be conceived, our administration must be cautious, so that this growth rate does not jeopardize the anti-inflationary policy. A considerable area of the economy still remains idle. Reactivating this area of the economy has neither caused an additional flux, nor has it caused an additional cost pressure. Concerning the interest rates, it is necessary to note that the corporation income tax on current bases has become effective. This will improve revenues. In addition, the return of new cruzados will be completed on 15 August. These two factors signal a less aggressive monetary policy on the second half of the year, although with positive interest rates. It has become clear that real interest rates should not exceed 1.5 percent per month.

[O ESTADO] Nevertheless, the inflation rate has been on the order of 20 percent for six months...

[Marques Moreira] Six months ago, the inflation rate was about 30 percent, and afterwards it declined. The rates indicate a downward trend.

[O ESTADO] Nevertheless, will we reach a 2 percent inflation rate by the end of the year, as agreed upon with the IMF?

[Marques Moreira] (laughs)

[O ESTADO] After reaching the debt agreement, and with the favorable factors for the second half of the year that you have just mentioned, is it possible to predict that the inflation rate will decline more rapidly—by two or three percentage points per month?

[Marques Moreira] We will have a more rapid decline. During the November 1991-April 1992 period, the inflation rate declined from 30 to 20 percent—virtually by one-third. We are not interested, either, in the inflation rate remaining at such a level.

[O ESTADO] Nevertheless, are you not sending contradictory signals to the market? The deregulation of loans for consumers, the car buyer group's issue. And the deregulation of a number of loans for governments and municipalities... It is even being said that you are making politics.

[Marques Moreira] No, we are not sending contradictory signals. In fact, contrary to claims made by some people, our theory does not link the inflation rate to the demand and, therefore, the measures taken will not stimulate the demand. Inflation is caused by an imbalance in the public accounts. We have not fueled inflation by deregulating the loans for consumers within the current situation of control on money aggregates. The reopening of the car buyer groups is not an inflationary measure, either. We want to achieve this moderate growth rate through the private sector. This growth rate would actually be inflationary if it were achieved through public spending.

[O ESTADO] Nevertheless, are the loans for the states and the municipalities being released?

[Marques Moreira] A large loan was announced for the private and not the public sector. This was also a loan for a water divide project. The Ferronorte is an extremely strategic railway. All the loans announced for the Northeast are stricly included within the budgetary and financial program published in April. Within the budget, we actually assigned priority to some projects, instead of abrogating the appropriations.

[O ESTADO] Will you implement the budget?

[Marques Moreira] Strictly. The safe boxes are not being opened. Within the budget, we are strictly assigning priority to more important projects.

[O ESTADO] Then there is no such thing as a spending spree?

[Marques Moreira] No. There is no such thing.

Colombia

Justice Minister Comments on Exceptional Measures

PA1307180192 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 13 Jun 92

[Interview with Justice Minister Andres Gonzalez by Dario Arismendi in Santa Fe de Bogota—live]

[Arismendi] The cabinet will meet today at noon to assess the report submitted by the justice minister and other important legal advisers at the presidential palace. The report will be delivered to Congress during the session that will begin next Wednesday, 20 July [as heard], to study the propriety and timeliness of the decree establishing a state of internal disturbance in the country. That decree prevented the release of over 1,000 dangerous criminals who are currently well guarded in Colombian jails. Good morning, Minister Andres Gonzalez. What does the report say?

[Gonzalez] The Constitution requires a report explaining the reasons behind the government's decision. The scope of the adopted measures are also explained.

[Arismendi] Will you ask Congress to modify, broaden, or repeal that which is related to [Decree] 1156 [number as heard]?

[Gonzalez] I would like to explain very briefly what has happened. For many years the nation—within the complexity of the prevailing circumstances of public order—issued a number of decrees, [word indistinct] justice and democracy, in light of the rulings prior to the declaration of the state of siege and to confront the diverse circumstances of terrorism and so forth that besieged the Colombian community. Obviously once the Constitution was reformed and the penal investigation system was changed, an analysis was done to determine what would happen to those dispositions that served the institutions and the nation in facing those phenomenon. There was a change. The decision was made to lift the state of siege, but it was also decided that the measures that allowed society to confront those problem would remain; therefore, those measures became law. They became permanent law first, because of possibilities extended by the Constituent Assembly; and second, because of possibilities extended by Special Legislative Commission. Those measures were considered by the Special Commission. The matter was debated, and it was decided that the special legislation would be maintained for a longer period of time. The Penal Proceeding Code says there will be a five year phase during which an evaluation will be made, and after a maximum of 10 years, prospects for gradually dismantling the legislation will be assessed.

[Arismendi] With all due respect, Mr. Minister, Guillermo Esprilla—one of the authors of the Penal Proceeding Code—made statements to Caracol a few minutes ago to the effect that the code practically eliminated the special legislation to which you refer.

[Gonzalez] I am strictly adhering to what the law clearly states. The second transitory article of the same code states: Ten years after the implementation of the current code, the regional judges and the National Tribunal will lose their power to try the processes that this code would have awarded them. Obviously if 10 years are provided for and then five years, it is because jurisdiction is being acknowledged. In addition, the fifth transitory article, which expressly refers to the jurisdiction of public order, states that the jurisdiction of regional judges and of the offices that in the future will be called national courts will not be modified and, quote, will continue trying the same crimes that they have been trying until now, according to the decrees that the Special Legislative Commission does not reject, which will become permanent laws; that is, the rulings issued in the exercise of the powers granted by a state of siege, unquote. The law is very clear. Under the circumstances, that law obviously should not have been applied.

[Arismendi] Yes, that is correct. The people ask why the government waited until 10 July to act after 10 prisoners had already been released when their lawyers availed themselves of Article 415 of the new code. Why did the government not present a document explaining the project to the previous Congress?

[Gonzalez] There were a number of reasons. First, there is no law that can foresee all possible circumstances. There are certain situations that can only been seen when a general, abstract ruling is applied to practical, everyday situations. That is natural. These difficulties arise when the law is applied to real situations. Only then can the remedies emerge. This is a required consequence of the application.

[Arismendi] The M-19 and other political groups have said that as of 15 July they will call for a political trial against your predecessor, Fernando Carrillo Flores. He is accused of carelessness and lack of foresight. What is your opinion about that?

[Gonzalez] I will refer to the alleged lack of foresight. The procedures code includes, in the articles I have mentioned, a special penal legislation. That means the code anticipated those circumstances. Problems have arisen because there are conflicting interpretations, and particular legislation has not been implemented at a given moment. This situation exists because certain legislation is no longer being implemented. With the elimination of clauses listing the cases to be excluded, cases that involve various disturbing activities such as terrorism, drug trafficking, and organized crime—circumstances that go against public order proliferated. The past legislation was society's tool for containing acts against institutional stability and state security. Obviously, the disturbing situation emerged with the change in legislation and with the emergence of the idea that exceptions would not be implemented.

[Arismendi] Mr. Minister, the government did not foresee this situation, this avalanche, but many attorneys did foresee what was happening and requested the release of more than 1,000 inmates. Lack of foresight on the government's part, according to government critics, did not allow the authorities to visualize what was going to happen. The inmates' attorneys did, however, and they went to work on it.

[Gonzalez] Fortunately there is a great deal of diversity in legal affairs. The law can be interpreted in many ways. Attorneys have the legitimate right to present various interpretations of justice. The truth is that requests for the release of prisoners on probation and for habeas corpus increased on the eve of this past weekend, 11 and 12 July. Legal requests from attorneys are to be expected. What cannot be predicted is the failure of authorities in charge to implement a special law.

[Arismendi] Mr. Minister, there is a rumor in Medellin that Favio Ochoa Vasquez, availing himself of Article 415 of the Penal Procedures Code, has been released, and the people have not been informed about it. Do you know anything about that?

[Gonzalez] I have no information about that, and I want to say that I have given very clear instructions to the country's prisons that my office be immediately informed of any release order. So if Ochoa had been released, and if my instructions have been followed, my office would have been informed. My office has received no such information.

[Arismendi] Do you have information on the prisoners who were released in the country's prisons, in Bellavista, and so forth?

[Gonzalez] Yes, I have an exact record of the persons released on 9 and 10 July.

[Arismendi] I have mentioned the rumor because it is very strong in Medellin. We have tried unsuccessfully to establish communications with the Itagui maximum-security prison. There is the rumor that Mr. Ochoa Vasquez recovered his freedom on Friday.

[Gonzalez] I have no information about that, Dario. Based on the information you are giving me, I will check on it. We have adopted measures to keep ourselves well informed about what is happening, as far as releases go, and this release has not been reported.

[Arismendi] How long will the state of internal disturbance be extended and why?

[Gonzalez] The state of internal disturbance is scheduled to last until Thursday, July 16, but it is worthwhile to note that according to the new Constitution, there is a difference between the period during which the state of internal disturbance is in effect and the duration of the measures or decrees that may be enacted during such a state. That means once the state of internal disturbance is lifted, the actuality of the decree establishing an interpretation of the issue we are discussing may be extended, which is what will happen.

[Arismendi] How long will it be extended.

[Gonzalez] The Constitution permits a 90-day extension.

[Arismendi] Mr. Minister, what would happen if the Constitutional Court declared those two decrees unconstitutional?

[Gonzalez] I do not want to comment on that because the Constitutional Court has the autonomy and the independence to evaluate and confront these laws with the Constitution. We would have to wait and see how what you have mentioned takes place.

[Arismendi] We all suppose that you have alternatives, as always happens when a measure is adopted. If the measures were to be declared constitutional, we suppose nothing would happen; but if they were to be declared unconstitutional, the government should have a strategy ready.

[Gonzalez] There are various alternatives, Dario. There is the legislative recourse. We could introduce a bill regulating the issue. That alternative is being evaluated. I also want to explain something else that has been mentioned: Laws are interpreted. The norms being applied now have not been like state of siege rulings, which derogate or suspend laws. This is a matter of interpretation, and the government, in exercising its powers, can interpret laws. It has been said that laws can be only derogated or reformed. It so happens that one of Congress' functions is to interpret the law. The government, in exercising special powers that allow it to dictate measures of legislative hierarchy, can also interpret the law. That is what has been done. The government has neither added to nor suspended the current legislation. The government has simply interpreted existing laws to say that this special public order law, which has existed for years and will gradually be eliminated, is applicable at this moment.

[Arismendi] Mr. Minister, just give me a number: How many persons were released as a result of Article 415?

[Gonzalez] There were on Thursday and Friday release orders for no more than 15 persons. The efficaciousness of the government's measures has been demonstrated, because there was not an excess of releases. Among the 15 persons released, there are some who could have nothing to do with the law-interpretation conflict. That is what we are studying now. I have ordered the General Prosecutor's Office and the Attorney General's Office to carefully examine each of the release orders to see if they pertain to the situation we have been discussing.

[Arismendi] Thank you, Mr. Minister. You are very kind. This has been Justice Minister Andres Gonzalez announcing something at this radio station that is a scoop: The government will extend the state of internal disturbance for another 90 days, based on what the law permits.

Defense Ministry Reports on Commander's Health

PA1307140492 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 13 Jul 92

[Communique issued by Defense Ministry Public Relations and Protocol Office; place and date not given]

[Text] Regarding media reports on the health of Colombian Armed Forces Commander in Chief Luis Eduardo Roca, the Defense Ministry reports:

At the end of last week, while on vacation in the United States, General Roca suffered circulatory problems.

After an initial evaluation, doctors decided to conduct a thorough examination and give him the necessary treatment.

At this moment, General Roca is under medical treatment and has been responding favorably.

Army Commander General Manuel Alberto Murillo Gonzalez has been appointed commander in chief of the Armed Forces while General Roca is ill.

[Signed] Colonel Eduardo Arevalo Castaneda, chief, Defense Ministry Public Relations and Protocol Office

Government To Hold Separate Talks With Rebels

PA1307172092 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0030 GMT 13 Jul 92

[Text] The government will hold direct dialogues with each one of the guerrilla groups because the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] has practically disappeared as a negotiating unit, Peace Adviser Horacio Serpa Uribe said the night of 12 July. He explained the government does not intend to disregard the existence of a coordinating board of subversive movements in Colombia.

According to the peace adviser, the government's proposal seeks to reach agreements with groups such as the National Liberation Army dissident group.

[Begin Serpa recording] We are willing to study a proposal to hold separate discussions with each one of the groups that make up the CNGSB. It could turn out to be interesting. During the recent discussions held in Mexico, we noticed that the three groups that make up the CNGSB could not agree among themselves. [end recording]

The peace adviser also accused the rebels of conducting depredatory actions in the entire country demonstrating a lack of unity among the CNGSB members.

[Begin Serpa recording] The guerrillas have continued kidnapping people and carrying out acts of sabotage and destruction. In Bucaramanga, as well as in other parts of Colombia, the guerrillas have been conducting depredatory actions that have alarmed the people very much. [end recording]

Upon his return from La Uribe, where he attended a peace forum, Serpa said the human rights of peasants are constantly violated because of the bloody clashes that take place in the region between the Army and the guerrillas.

Defense Minister on Presence of Army Troops

PA1107194192 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1700 GMT 11 Jul 92

[Report by Guillermo Rico]

[Text] At noon on 11 July, Defense Minister Rafael Pardo Rueda was asked about the rebel attack to the Vetas community in Santander. He responded that the public order situation was delicate, but that military forces are present wherever they are needed in the national territory.

[Begin Pardo recording] We cannot deceive ourselves and believe we have a situation of peace and tranquillity. It is quite the contrary. We are confronting a delicate situation and a rebel force that is very wealthy. [end recording]

Air Force Deputy Commander General Hernando Monsalves Figueroa explained that, as the Army, this corps also participates in actions carried out all over the country against the rebels.

[Begin Monsalves recording] The Air Force is participating in all the battles against the rebels, especially as support to the National Army. [end recording]

These statements were made during a ceremony held at the Air Forces Officers Club. During this ceremony, officers who passed the 9th Reserve Corps Officers course, swore allegiance to the flag.

Correction: AD/M-19 Leader Reportedly Resigns

PA1307174192

The following correction pertains to the item headlined "Navarro Reportedly Resigns as AD/M-19 Leader" published in the 13 July Latin America DAILY REPORT, page 48:

Column one, make sourceline read: Santa Fe de Bogota Cadena Radial Super in Spanish 2320 GMT 11 Jul 92 (correcting source).

Ecuador

President Borja on Health Problems, Other Topics

PA1307221792 Quito Voz de los Andes in Spanish 1130 GMT 13 Jul 92

[Text] After successfully overcoming a bout of auricular fibrillation that lasted 104 hours, President Rodrigo Borja returned to the country at 1900 on 12 July from San Antonio, Texas, where he traveled on 10 July to receive treatment at the Methodist Hospital in that U.S. city. According to Borja, his health problem poses no immediate threat because the condition was not caused by organic heart damage but by excess work and stress.

Confirming that he will attend the Ibero-American summit, Borja said it would not be advisable for Ecuador to miss such an important event.

As for the territorial problem with Peru, Borja said an irreversible path has been taken in an effort to find sensible, equitable, and realistic solutions to the conflict without sacrificing Ecuador's demands and rights.

He said the new government will have to make the commitment to continue talks between the presidents of Peru and Ecuador. Borja praised the Armed Forces' support of his policy regarding the territorial dispute with Peru.

As for the transportation problem, Borja said the government will not authorize an increase in bus fares. He also said severe measures will be taken against those in the transportation sector who decide to rebel against the government's order not to raise fares. We have given the transportation sector a subsidy of 600,000 sucres per unit and we have always allowed them to import mass transit vehicles under advantageous conditions. That is why the government's position will be firm, Borja said.

The president thanked the Ecuadorean people and the media for their great concern with his health problem.

Peru

President Fujimori Comments on National Dialogue

PA1407022692 Lima Global de Television Network in Spanish 0100 GMT 14 Jul 92

[Text] President Alberto Fujimori downplayed the importance of recent attacks against him by writer Mario Vargas Llosa. He said maybe Vargas Llosa is now using weapons he did not use during the electoral campaign. Fujimori said the writer has not seriously analyzed the situation in the country.

Talking to the press, the president rejected the conditions that some political groups mean to impose on the national dialogue. He denied that he intends to change the cabinet and that there are differences within the Armed Forces.

[Begin recording] [Fujimori] I think it is very positive that Mr. Vargas Llosa is again thinking of Peru. I believe that all Peruvians are duty bound to be concerned and to analyze the country's situation. In that sense, I think it is very positive. Maybe the only slightly negative thing is that Vargas Llosa is using the weapons he has left over from the second round of elections, but that is not important.

In The Bahamas I made statements with regard to multiple districts but, I repeat and insist, I do not want to

impose that. I want to listen to the opinions of all of the political parties and, particularly, of the citizens. Then we may reach some conclusions.

[Unidentified reporter] Would you agree with the proposal allowing soldiers to vote?

[Fujimori] I have not thought about it. I repeat, I would rather wait to hear others' opinions before deciding.

[Reporter] With regard to the proposal for the government to meet with the political parties, what are the perspectives on that meeting? What can you tell us about the proposal the government will present?

[Fujimori] It will be a fruitful meeting. I do not think that a meeting of 15 or 20 parties could be fruitless. What we want to do is take all we can from the proposals they may bring. I hope the proposals are coherent and to the country's advantage.

But I will definitely not yield with regard to returning to the corrupt Congress and Judicial Branch.

[Reporter] Would you right now invite the American Popular Revolutionary Alliance [APRA] and Popular Action parties, which are the only ones not currently involved in the dialogue?

[Fujimori] My spokesman is the president of the Council of Ministers and he has issued the invitations. I hope they do come.

[Reporter] What do you think about the refusal of those two parties to participate in this dialogue? They have set a number of conditions to join the dialogue.

[Fujimori] If they imposed conditions, the dialogue would have limitations. I hope they stop asking for privileges and setting conditions. The dialogue must be open, honest, and direct.

[Reporter] [Words indistinct] has dedicated a number of pages to a possible breakup of the Armed Forces. What can you say to the Peruvian people to assure them about this?

[Fujimori] The best thing is not to speculate but to draw conclusions from the event held recently at the Special Forces Division. I believe that is the best evidence. [end recording]

Liberty Institute Proposes Electoral Regulations

PA1407032892 Lima Radio Programas del Peru Network in Spanish 1800 GMT 13 Jul 92

[Report by Enrique Vidal on news conference by Hernando de Soto, president of the Institute of Liberty and Democracy, in Lima on 13 July—recorded]

[Text] [Vidal] Hernando de Soto, president of the Institute of Liberty and Democracy, is holding a news conference. De Soto is officially presenting proposed regulations for the election of constituent assembly members.

The former adviser to President Alberto Fujimori proposed multiple electoral districts, 80 or 81 representatives, voluntary voting, giving the vote to military personnel and police, and other things. Here is De Soto:

[Begin De Soto recording, in progress] ...how we are represented, we will have a properly represented constituent assembly. If we are badly represented, we will not have this. These are the rules of the game, which are set out in 10 points, one of which is multiple electoral districts. When this is presented for approval, there should be no coercion. Alternatives should be left open so the people can make their choices, cutting through the propaganda; if there are any alternatives. This is our proposal, but the voters should have others available so they have a choice. The idea of a referendum is for the people to have the opportunity to choose. The people should not be forced to accept one choice because there is no alternative available.

Our proposal is as follows, listed in this document in a simple form for the media. First, we propose multiple electoral districts; second, we propose open lists of candidates; third, we propose specialization—that is two assemblies, one should be specialized in the Constitution, in the drawing up of the Constitution, and the other will enact laws and to be responsible for oversight. Fourth is voluntary voting. Voting should not be an obligation. Fifth is giving the vote to military personnel and to the police. Sixth is the proposal to hold general elections; seventh is election and repeal; eighth proposes individualized voting. The ninth has to do with the people's sovereignty. Congress will not be sovereign under any circumstances, rather the people are sovereign. Congress is only their mouthpiece. The 10th provides some minimum measures for political and legal stability in the nation. [end recording]

[Vidal] The Institute of Liberty and Democracy has proposed the creation of 22 electoral districts. De Soto said that this is an initiative that will be open to debate as of this week.

[Begin De Soto recording, in progress] ...on how to elect a constituent congress. As I have said, this is a proposal. [end recording]

National Election Board Secretary General Fired

PA1107225692 Lima Panamericana Television Network in Spanish 1200 GMT 9 Jul 92

[Text] The National Election Board, JNE, has fired Secretary General Godofredo Davila Orejuela. Davila could not explain the reasons behind his dismissal.

A few hours later Silfredo Hugo Viscardo was temporarily appointed to the position. Davila left the office amid kind words and applause from employees.

The JNE's surprise decision was announced on the morning of 9 July. It surprised everyone, including Davila, who left the office amid the tears and applause of employees, who said the measure was unfair.

Davila said there is no justification for the change, adding that he is leaving with his head up.

[Begin recording] [Unidentified reporter] What do you have to say?

[Davila] It is an injustice against me.

[Reporter] Why were you removed from your post?

[Davila] The resolution does not say why. I sincerely do not know the reason. I am sorry to leave, not because of the position, but because of the workers.

[Reporter] Do you think you have worked honestly?

[Davila] Yes, all my life. There are no charges against me. I do not understand the reason for the resolution, which did not mention anything. If that is the jury's decision, however, I accept it.

[Reporter] Are you leaving with your head up?

[Davila] Yes, I am. There are no charges against me. [end recording]

JNE members met in a brief public session that lasted no more than 10 minutes. A resolution signed on 9 July was read, announcing Davila's removal and his temporary replacement by Silfredo Hugo Viscardo. JNE President Cesar Polack immediately swore in Viscardo. After the ceremony, Polack preferred not to comment on the subject.

The new secretary general said he will carry out his duties.

[Begin recording] [Viscardo] You will be informed by the government branch in charge of making those announcements.

[Reporter] What will be your first act be on assuming your post?

[Viscardo] I will need some time to familiarize myself with the position and take the first steps to carry out efficiently the functions of secretary general.

[Reporter] Did you work in the JNE? What were your previous positions?

[Viscardo] I was director of the Lima Provincial Registry, director of organization and director of files, and my last position was joint director general of the Electoral [word indistinct].

[Reporter] Were you surprised by this appointment?

[Viscardo] Yes, to a certain extent.

[Reporter] When did you learn about your appointment?

[Viscardo] That is an internal JNE matter. [end recording]

Rebels' Operational Capability Reported 'Reduced'

PA1207193992 Lima Global de Television Network in Spanish 0100 GMT 11 Jul 92

[Text] According to a report released to foreign correspondents and compiled by the group Constitution and Society, headed by Enrique Bernales, the operational capability of subversive groups was reduced in the first half of 1992, when compared to the same period in 1991. As a result of the blows dealt by the Army, the offensive capability of the Shining Path was reduced by 18 percent. The MRTA [Tupac Amaru Revolutionary Movement], in a decided decline, has seen its armed capability reduced by 57 percent in 1992, when compared to 1991.

According to the report, June was less violent than May, with 89 attacks and 276 deaths. The figure, however, is alarming when considered as an accumulated index. In the first half of 1992, there were 601 attacks resulting in 1,391 deaths, which is 12 percent higher than the figure for the same period in 1991. In 12 years of violence, there have been 20,807 attacks resulting in 24,003 deaths, which constitutes an uncontrollable bloodbath and the failure of the pacification strategy, Bernales admitted.

[Begin Bernales recording] There are hints of the MRTA's military defeat. Shining Path has lost some of its operational capability, which the commission estimates at 11 percent [number as received]. Shining Path's central structure and strong presence throughout the country, however, still can frustrate Peruvian Government and society. [end recording]

The losses inflicted by the subversives have been estimated at $437,615,000, including protection of the private sector, payment of (?extortion), damage to utility towers, and government expenses.

[Begin Bernales recording] I will only point out the antecedents. It has been observed in Latin America that the dialogue stage with subversive groups usually starts when they have begun to lose their military operational capability. [end recording]

Three Officers Receive Promotions by Decree

PY1107215692 Lima CARETAS in Spanish 29 Jun 92 pp 22, 24

[Summary] Three officers whose promotion requests were not accepted by the Senate last year were promoted on 25 June by a decree which has not yet been published in EL PERUANO. Brigadier General Julio Salazar Monroe, chief of the National Intelligence Service, was promoted to division general; Colonel Enrique Causso Calderon, who works in the Army Economy Directorate, was promoted to brigadier general; and Rear Admiral Jorge Hesse Ramirez, former chief of the Navy Intelligence Service, was promoted to vice admiral.

Uruguay

Ministry Plays Down U.S. Stance on Mercosur

PY1407014192 Montevideo Radio Carve in Spanish 0000 GMT 14 Jul 92

[Text] The Uruguayan Foreign Ministry has played down the U.S. stance on Mercosur [Common Market of the South] at the GATT talks.

In Geneva a few hours ago, the U.S. delegation proposed that Mercosur not be given the preferential treatment given to developing countries. The U.S. Government stance is based on the fact that Mercosur represents a market of 200 million consumers, a market that is made up of large commercial nations that have significant gross domestic products. The U.S. stance was supported by Japan, Canada, and Switzerland, although the situation will be finally resolved by a special commission of the GATT Trade and Development Committee.

Uruguayan Foreign Ministry sources contacted by Radio Carve pointed out that this information must not be dramatized because it represents a technical-legal disagreement, and that a negotiated solution will surely soon be sought.

Peru Announces Removal of Ambassador

PY1407021692 Montevideo Radio Carve in Spanish 0000 GMT 14 Jul 92

[Text] The Peruvian Government has announced the removal of its ambassador to our country's government.

(?In a brief) communique, the Foreign Ministry reported this decision, pointing out: Today the Peruvian Government officially reported its decision to consider as completed the mission of Mr. Roger Loayza Saavedra as Peruvian ambassador to Uruguay.

Loayza, the communique reports, has been in Lima since late May.

It is appropriate to remember that the diplomat was accused of espionage by Deputy Juan Raul Ferreira. In the opinion of the National Party legislator, the former diplomatic representative had supplied to the de facto Uruguayan Government information on the political activities of his late father Wilson Ferreira Aldunate, a National Party leader.

Venezuela

Poll Shows 62 Percent Want Perez To Remain

PA1307193892 Caracas Venezolana de Television Network in Spanish 1600 GMT 13 Jul 92

[Text] An opinion poll conducted by the Gaither polling company found that 62 percent of those polled are in favor of President Carlos Andres Perez remaining in office until the end of his term in 1994. In the nationwide poll, only 33 percent believe the president should resign. Of those polled, 63 percent favor maintaining the five-year presidential term, while 28 percent believe it should be shortened. In a more general context, 39 percent believe it is more important for Venezuela to remove a president who shows bad judgment than to respect the constitutional term. Nevertheless, 53 percent of those polled believe that even in those circumstances, a president should remain in office to avoid violating the Constitution.

According to the poll, most of the support for President Perez is located in the interior of the country, especially in the region of Zulia and the Andes. Meanwhile, those favoring his resignation have increased in Caracas. The poll also found that President Perez' popularity is higher among the lower income sectors.

In this regard, Central Information Office Director Angel Zambrano stated that the unpopularity of the president is only a myth disproven by the polls and that it is a frustrated desire of a minority interested in fomenting unrest and chaos in the country.

Government To Close Venpres International Offices

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[Text] Caracas, 7 July (NOTIMEX)—The Venezuelan Government reported on 7 July that operations of 16 VENPRES NEWS AGENCY international correspondents' offices in 12 countries will be suspended beginning 1 August, as part of the government austerity program.

Government Spokesman Angel Zambrano asserted that the VENPRES international correspondents offices are to be closed because the country's resources are "quite limited," and it has to take advantage of contracts that will expire in August.

According to Zambrano, three or four correspondents' offices will be reopened after the contracts expire, but he did not specify which ones they were.

The network of VENPRES international correspondents, which was established in 1990, includes Miami, New York, and Washington in the United States and Japan, United Kingdom, Colombia, Brazil, Cuba, Italy, and France, among others.

President Carlos Andres Perez appointed Roberto Giusti, who was the former VENPRES correspondent in Moscow, as the new media chief for Miraflores Government Palace on 7 July.

As part of the program to ration expenses, the government announced a few weeks ago that it was selling approximately 150 airplanes and helicopters that had previously been assigned to government offices.

Zambrano said the government would ask the Foreign Ministry to gather the information, with personnel assigned to the diplomatic missions in the cities in which the VENPRES correspondents offices have been closed. [sentence as received]